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Task force troops raid the Falklands

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

FIRM BRIDGEHEAD ESTABLISHED ● BRITISH SHIPS DAMAGED

BRITISH FORCES landed on the Falkland Islands yesterday and established a bridgehead, believed to be in the San Carlos area of East Falkland.

However, in what appears to have been a major air battle, two British warships were seriously damaged by Argentine fire, Mr John Nott, defence secretary, announced last night.

Mr Nott said that British fire had brought down 14 Argentine aircraft, including seven Mirage fighters and two helicopters. Britain lost two small helicopters, he said.

Mr Nott said that the landings were unopposed, but while Argentina had suffered some casualties and some prisoners had been taken, the numbers of British casualties was not known.

Mr Nott did not say where the "firm bridgehead" had been established. Earlier it had been unofficially reported that it was in the San Carlos area.

Elements of the parachute regiment and commandoes had gone ashore with artillery and air defence weapons, Mr Nott said.

It was being assumed last night that these were the British-built surface-to-air Rapier missiles.

Seven weeks after the Argentine invasion of the Falklands, Mr Nott said that Britain now had a secure land base on the islands.

Several other landings had taken place in different parts of the islands, the minister said, though he gave no more details. He would give a further statement today, Mr Nott said.

The Defence Ministry has announced in London at midday that the raids were launched during Thursday night.

All the attacks were directed against Argentine military targets, including fuel and ammunition dumps and military stores, it said.

It was not clear whether there had been casualties in the landing raids. A spokesman said that 21 men were lost and nine saved when a Royal Navy helicopter "met with an accident" and ditched in the sea while transferring personnel between ships. Next of kin had been informed, the Ministry said.

The Argentine high command confirmed the British raids yesterday afternoon, claiming that a combination of Argentine air attacks and bombardment from the shore "virtuallly trapped" three British frigates in San Carlos Bay, east of the channel which separates East and West Falkland.

The Britis hwarships were attacked by Mirage fighters, a communique said.

It was later claimed that five warships were attacked. Two were said to be damaged and one to be on fire, having been hit by 14 missiles.

One Argentine communiqué spoke of British troop landings, 250 men from 10 assault vessels said to be drawing fire from aircraft and ground forces.

The Argentines, who said they were repulsing the British attacks, claimed to have shot down a Sea Harrier in the San Carlos Bay area and to have taken the pilot prisoner.

Yesterday's action greatly steps up the military pressure on the estimated 9,000-strong Argentine garrison, but is seen in London as falling far short of a full-scale invasion.

The dispersed actions are put in the context of the orders earlier this week to Rear-Admiral Sandy Woodward, commander of the task force, to retake the Falklands with as few casualties as possible.

For this reason, as well as because the estimated 5,000 marines and paratroopers with the task force are outnumbered by the Argentines, a full frontal attack on Port Stanley may be avoided, at least in these early stages of the conflict.

The present raids seem designed to destroy key military installations such as fuel stores and ammunition dumps, as well as pick off the more isolated garrisons such as that of perhaps 1,000 believed to be at Fox Bay.

It seems likely that the task

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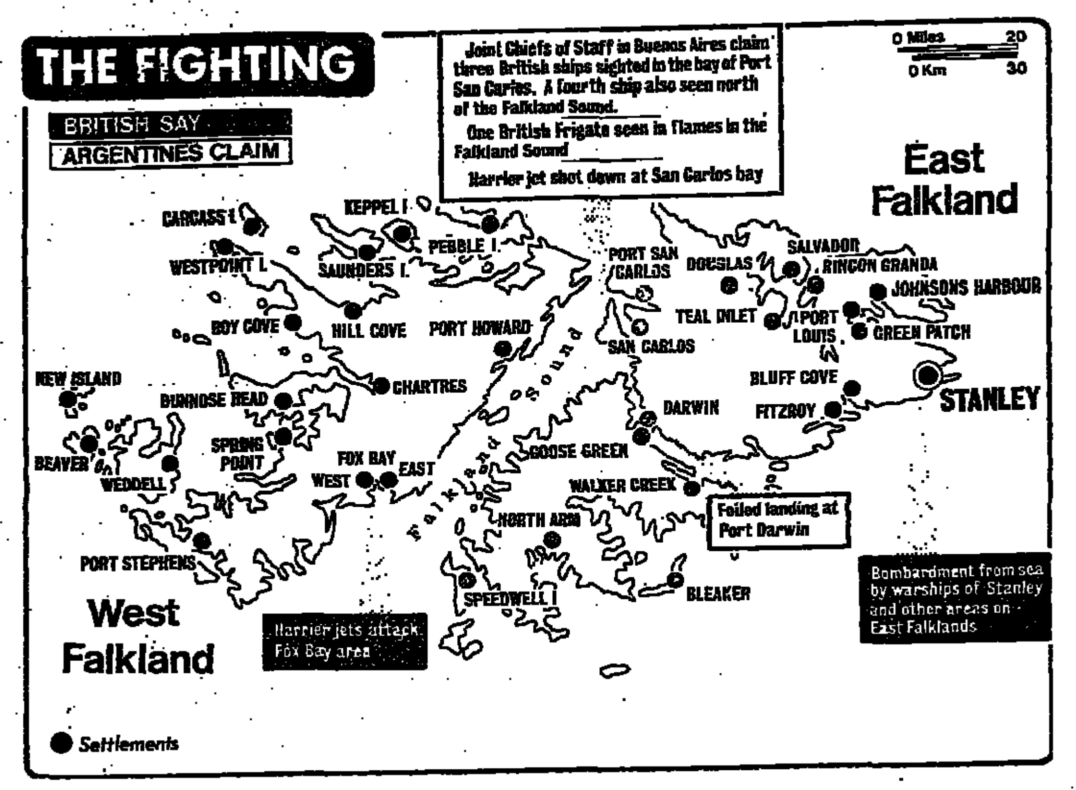

NEWS SUMMARY

GENERAL

Basnett in incomes policy call

An incomes policy has been called for by union leader David Basnett.

His plan includes calls for a prices and monopolies commission and a national economic assessment.

These run counter to the views held by many of his TUC colleagues and a sharp division is likely at the TUC Congress in September.

S. Korea scandal

Resignations by 11 South Korean Cabinet members were accepted, over a multi-million dollar loan scandal, but ten other ministers, including Premier Yoo Chang-Soon, who offered to resign were retained. Page 3

Guerrillas killed

South African forces said they killed seven Swapo guerrillas in a skirmish near the Angolan border.

Parole rejected

A prison term board has ruled that Sirhan B. Sirhan, Robert Kennedy's assassin, will not be paroled in 1984, as planned.

Zaire hits out

Zaire rejected Arab criticism *of its resumption* of diplomatic links with Israel and said it will not submit to Arab neo-slavery.

Poles jailed

Prison terms of up to five years have been given to seven Poles caught printing and distributing Solidarity literature.

Romania moves

Romania's prime minister and foreign trade minister have been replaced in a reshuffle by President Ceausescu, over economic problems.

Firemen threat

Prospects of a firemen's strike grew when the Fire Brigades' Union called for industrial action from the end of the month. Page 4

Riots warning

There could be more rioting in British cities, unless drastic action is taken to improve conditions, said the Chief Constable of Cleveland. Page 3

Briefly . . .

Cosmonauts on Salyut-7 are *growing vegetables* in a "space hothouse," said Tass.

Four candelabra, stolen from Prato Cathedral in Tuscany and worth £452,000, were found in a Sardinian antique shop.

A terrorist bomb exploded at a U.S. Air Force base, near Athens.

BUSINESS

Sterling up; dollar weaker

● **STERLING** recovered in thin and nervous trading to finish up 1.65 cents in London at $1.7960. It improved to DM 4.14 (DM 4.13), SwFr 3.5250 (SwFr 3.5150) and FFr 10.7850 (FFr 10.74). Its trade-weighted index was up 0.4 at 89. Page 27

● **DOLLAR** was weaker at DM 2.3060 (DM 2.3200), SwFr 1.9625 (SwFr 1.9740) and Y237.6 (Y238.4). Its trade-weighted index fell to 112.9 from 113.5. Page 27

● **EQUITIES'** recent slide was reversed by a technical rally. The FT 30-share index was up 6.2 at 560.6. Page 28

● **GILTS:** Government Securities index gained 0.14 to 68.17, a drop of 0.98 on the week. Page 28

● **GOLD** fell $4.25 to $338 in London. In New York the Comex May close was $336.4 ($343). Page 27

● **WALL STREET** was up 0.57 at 833.05 near the close. Page 24

● **FRANCE** put its April trade deficit at FFr 10.1bn (£936.4m) more than twice the March deficit of FFr 4.5bn. Back Page

● **MEXICO**, the world's most heavily indebted nation, asked its international bankers for a $1bn (£561.8m) short-term loan. Back Page

● **U.S. CONSUMER** prices increased 0.2 per cent in April after a 0.3 per cent fall in March. Page 3

● **DEBENHAMS**, stores group, reported a £1.7m reduction to £27m in taxable profits for the year to January 30. Page 20; Lex, Back Page

● **BROWN** and Jackson, builder and civil engineering contractor, cut its 1981 dividend sharply. Page 20; Lex, Back Page

● **MILLS** and Allen International, financial services and advertising group, agreed with Sime Darby to buy Guy Butler, the UK money broker, for £11.75m. Page 21

● **TALBOT**, Peugeot's UK subsidiary, signed an agreement with Iran to export car kits worth more than £100m a year. Back Page

● **TOYOTA** Motor Sales reported full-year net profits at Y38.08bn (£89.7m) against Y30.9bn. Page 25

● **SAVOY HOTEL** group went on the attack in its efforts to block Trusthouse Forte moves to place its chairman and chief executive on the Savoy board. Page 20

● **DOME PETROLEUM**, Canadian energy group, said it had nearly C$1.5bn (£665.77m) of debt due for repayment this year. Page 25

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Anderson Str'thcl'de	145	+ 7	UDS	60	+ 5
Boots	224	+ 4	Vosper	175	+ 8
Bowater	208	+ 6	Woolworth	46½	+ 2½
Brown & Jackson	24	+ 3	BP	314	+ 4
Costain	234	+ 4	Shell Trans.	420	+ 6
Debenhams	75	+ 5	Tricentrol	206	+ 6
Eagle Star	354	+ 6	Ultramar	413	+ 8
Goldberg (A.)	65	+ 10	Bond Corp.	73	+ 5
GKN	158	+ 4	FALLS		
Hartwells	92	+ 8	Brit. Syphon	26	− 3
Hurst (C.)	54	+ 6	Brockhouse	28	− 4
ICI	316	+ 4	Greatermans Strs. A	150	− 100
Man. Agcy. & Music	96	+ 4	Hill (C.) (Bristol)	90	− 8
Minet	198	+ 11	Horizon Travel	200	− 7
Plessey	417	+ 7	Johnson Grp. Clnrs.	231	− 6
Tern-Consulate	50	+ 7	Thorn EMI	426	− 7
			Williams (J.)	21	− 8

Latin Americans discuss reprisals against Britain

BY PAUL BETTS IN NEW YORK AND ANDREW WHITLEY IN LONDON

LATIN AMERICAN Foreign Ministers were consulting yesterday about possible diplomatic reprisals against Britain, after its latest action on the Falklands. Earlier, Sr Fernando Belaunde Terry, the Peruvian President, had telephoned Mrs Margaret Thatcher and President Leopoldo Galtieri of Argentina in an apparently fruitless attempt to re-start negotiations.

Venezuela, which appeared to be co-ordinating the Latin American response, indicated that steps against Britain could include a collective break in relations if the situation were to worsen. Among other countries said to be involved in the consultation were Mexico, Panama, Ecuador, Bolivia and Peru.

International reaction elsewhere to the heavy fighting yesterday has been muted. Most countries seemed to be awaiting a clearer military picture before making any public judgment.

In Washington, the White House said the U.S. intended to "honour our commitments to Great Britain," but made clear that there would be "no involvement whatsoever" of U.S. *military personnel in the conflict.*

Sir Nicholas Henderson, the British Ambassador to the U.S., discussed the crisis with Mr Alexander Haig, the U.S. Secretary of State, who is said to be ready to join again the search for a negotiated settlement, if that would prove useful.

At the UN Britain also made clear that it would reject vigorously any Security Council proposal for an unconditional ceasefire in the Falkland Islands. The warning came with the Security Council due to meet today in public, for the first time since April 3, to review the crisis.

Sir Anthony Parsons, Britain's chief delegate at the UN, said a ceasefire would allow Argentina to consolidate its military position on the islands, and "leave us with our hands tied."

Sr Nicanor Costa Mendez, the Argentine Foreign Minister, was said last night to be on his way to New York to present his country's case in person to the Security Council, following the breakdown of the UN Secretary-General's negotiations and the sharp increase in British military activity on and near the Falklands.

Last night, the flickering hopes raised by the latest Peruvian intervention seemed to have died out, as a result of the British inner Cabinet's belief that the proposals do not offer a way out of the dispute at present.

The package was described in London as little more than a set of procedural steps. This response is to be delivered shortly to Lima, the Peruvian capital, with the British Government's appreciation of Sr Belaúnde's efforts.

The Government was insisting yesterday that it was still open to diplomatic approaches. But it was clear that Britain would take a great deal of persuading that Argentina was prepared to make genuine concessions.

The Foreign Office said that, if there were a genuine change of position, including readiness to withdraw from the Falklands in accordance with UN Security Council resolution 502, the prospects for negotiations would be transformed.

The Soviet Union, meanwhile, has blamed Britain for wrecking the UN negotiations through its "tough posture." The Soviet news agency Tass also accused the U.S. of doing "everything possible" to stall the negotiations and isolate Argentina from other Latin American countries.

West Germany expressed concern at the latest flare-up in the fighting and the Foreign Ministry in Bonn said the federal Government would be "deeply saddened if no last effort were made to resolve the conflict peacefully, and human lives had to be sacrificed."

As the UN Security Council went into closed session last night, Mr Noel Dorr, Ireland's delegate, said a resolution to call for a cease-fire was an obvious option for the council to consider.

The Secretary-General, after announcing on Thursday night that he was giving up his efforts to mediate, said he would make

Continued on Back Page

Labour leaders act on party rift

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR PARTY leaders were trying yesterday to prevent the internal argument over the Falkland Islands from triggering off another damaging round of open conflict.

Mr Michael Foot, the Labour leader, while supporting the servicemen as they attacked the islands, again stressed the need to continue the search for a diplomatic solution. Mr Eric Heffer, a member of the party's National Executive Committee, called for tolerance and unity behind the shared goal of peace.

It was clear yesterday that Mr Foot was not prepared to let the three shadow ministers who rebelled over Falklands policy in Thursday's vote continue as members of the shadow Cabinet. The three—Mr John Tilley, Mr Andrew Faulds and Mr Tam Dalyell—were being urged by Labour MPs to resign, and thus save Mr Foot from having to sack them on Monday.

FALKLANDS WEATHER: Wind SW, Force 6-7 (25-30 knots); 10 ft-12 ft seas. Cloudy with occasional rain or snow. Temp. 35-40 F. OUTLOOK: Wind NW, Force 7 (30 knots). Temp. low 40s F. Overcast and rainy.

Falkland Crisis, Page 2
Politics Today, Page 14
Argentine's options, Page 19

Labour MPs fear that the argument over the Falkland Islands is damaging the party's credibility and undoing much of the good done by the period of relative peace which followed the New Year truce between union and Labour leaders. They are particularly concerned about its impact on forthcoming by-elections.

The row, which crosses the usual Left-Right divisions, has been simmering since the beginning of the islands dispute. It came to a head on Thursday night when 33 MPs insisted on forcing a division at the end of the Falkland debate. The move, led by Mr Tony Benn, Dame Judith Hart and Mr Dalyell, infuriated other Labour MPs who accused them of damaging the party.

Despite their concern to defuse the argument, shadow Ministers showed no signs yesterday of modifying their support for the Task Force. Mr John Silkin, the Shadow Defence Secretary, supported the raids on the islands. The mood in the country was firm, not jingoistic, he said.

Britain has key advantage of surprise

● British military planners believe surprise is one of their key advantages as the military pressure on the Argentine garrison is stepped up.

But they are worried that Argentine submaries may penetrate the task force's anti-submarine barriers. Another problem is the lack of depth in British air defences, where the task force's available aircraft are greatly outnumbered.

● The Pope is expected to announce this weekend whether he will go ahead with his visit to Britain, due to begin on Friday.

After a meeting between the Pope and cardinals from Britain and Argentina, Cardinal Basil Hume, Archbishop of Westminster, said he was still hopeful that the trip would proceed. But extension of the war might be the determining factor.

This morning, the Pope will celebrate jointly a special mass for peace in the Basilica of St Peters, alongside five cardinals from the two countries.

● In currency markets, sterling was steady in thin trading, in spite of apprehension over the crisis. Against a generally weaker dollar, the pound rose 1.65 cents in London to $1.796; against the D-mark it gained one phennig to DM 4.14. Gold *fell $4.25* an ounce to *$338.*

● Equities staged a technical rally, although interest was dampened by reports of the troop landings. The FT 30-share index rose 6.2 to 560.6. Gilts were also steady, with the Government Securities Index up 0.14 to 68.17.

Inflation rate drops below 10%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

INFLATION IN Britain fell sharply last month to an annual rate of less than 10 per cent for the first time in three years.

Official figures out yesterday show that the annual rate of retail price inflation fell by a *full percentage point from 10.4* per cent in March to 9.4 per cent in April.

For the first time in this Government's term of office the rate is lower than the May 1979 general election, when it was an annual 10.3 per cent. The inflation rate rose rapidly to nearly 22 per cent in the spring of 1980 before falling back to 12 per cent by the beginning of this year.

There are strong indications that the inflation will continue to fall, although perhaps less sharply than in recent months. Some City analysts are predicting a rate of between 8 per cent and 9 per cent by the end of the year.

Yesterday, Sir Geoffrey Howe, the Chancellor of the Exchequer, said: "At the time of the Budget, we forecast that inflation would fall to 9 per cent by the end of this year. It now seems quite possible *that we may do rather better* than that."

Sir Geoffrey said that Britain's inflation rate two years ago was double that of other EEC countries. "Now it is more than a percentage point lower. That is good news for Britain."

As a result of the easing of the tax burden in the last Budget, the annual rate of increase of the tax and prices index fell by four percentage points to 9.7 per cent between March and April.

By the autumn, the Government will face the crucial question of whether a further reduction in the rate of pay settlements might help bring inflation to between 4 per cent and 6 per cent, a range last seen at the end of the 1960s.

● The April additions to the Government's cyclical indicator figures suggest that economic recovery could "hesitate" in the first half of 1982.

The indicators, which are intended to predict turning points in the business cycle, continue to suggest that the trough of acivity was passed in the second quarter of 1981. The longer leading indicator, which predicts activity a year in advance, has been rising steadily since November.

Inflation rate falls, Page 3

£ in New York

—	May 20	Previous
Spot	$1.7900-7920	$1.8085-8105
1 month	0.20-0.25 pm	0.26-0.31 pm
3 months	0.51-0.56 pm	0.66-0.71 pm
12 months	1.65-1.75 pm	1.95-2.05 pm

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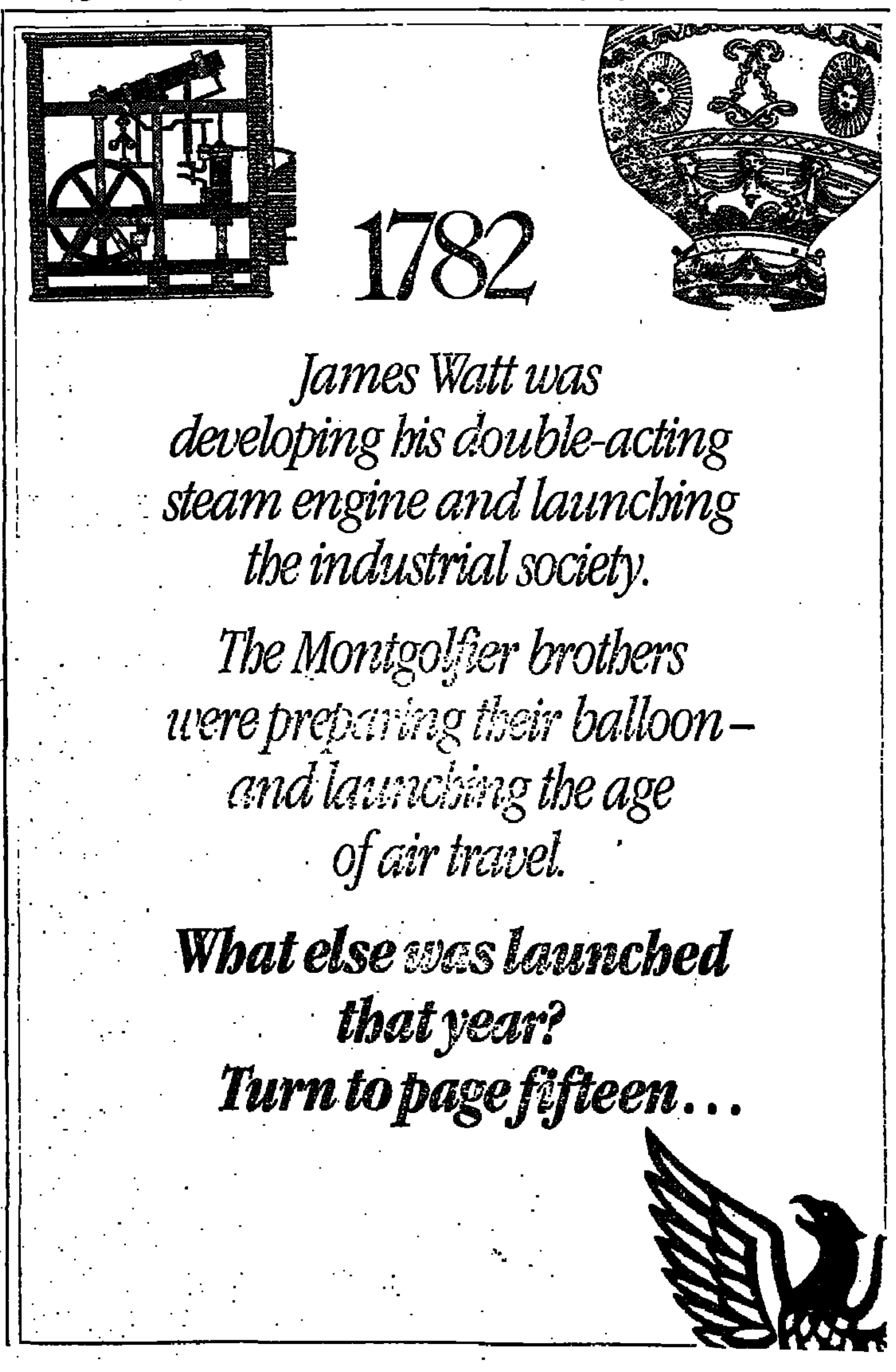


THE FALKLANDS CRISIS

Surprise a key advantage for task force

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

THE dramatic increase in military pressure which Britain's naval task force has begun to mount against the Argentine garrison on the Falkland Islands is designed to reap maximum benefit from surprise — one of the key advantages which British military planners believe they have in the escalating conflict.

Rear-Admiral John Woodward, the task force commander, appears to have ordered several raids at once, some on West and some on East Falkland. While each of the garrisons attacked must have been aware that it might be under fire, the choice of target and therefore the advantage of surprise was Woodward's.

Details of the raids, and of their outcome, were still awaited last night. But as Admiral Woodward and the captains of his estimated 20 to 25 warships have pondered their strategy over the past weeks of failing diplomacy, two key problems are likely to have worried them more than most.

They have been very concerned that Argentine submarines might penetrate the task force's anti-submarine barriers. Argentina has only three boats left but one, a long range Guppy class vessel, could attack the fleet's very long supply lines. At least one of the other more modern vessels is quite capable of, and said to be intent on, tracking Britain's two aircraft carriers.

The second overriding problem is in the air, where British defences lack depth and the force's available aircraft are greatly outnumbered by Argentina's.

The Defence Ministry in London has never said precisely how many aircraft are in the South Atlantic. The normal complement of both HMS Hermes and Invincible is five Sea Harrier jump jets and nine Sea King helicopters, but it is believed that 20 Harriers left with the two warships six weeks ago.

Three of these have so far been lost (two in mid-air collision in fog and one shot down). Earlier this week, an estimated 18-20 reinforcements joined the task force, having been brought down from Ascension on a converted ferry.

The Sea Harrier, as it names suggests, is especially adapted for use from a carrier. It is a fighter bomber with a good all-weather and night-flying capability, armed principally with heat-seeking Sidewinder missiles and equipped with the sophisticated Blue Fox radar.

However, since the Government has ordered only about 30 Sea Harriers (not all of which have been delivered), most of the reinforcements are believed to be RAF Harriers. These ground-attack aircraft designed for the European front have been modified (notably against corrosion and to allow them to land and take off from the carriers and to fire Sidewinders). But they do not have Blue Fox and are thus "blind" beyond the visual range of the pilot.

Argentina has at least three times as many fighter/bombers —an estimated 19 Mirage III, 25 Dagger (the modified Mirage built by the Israelis and 63 A4 Skyhawks. It also has nearly 40 locally built turbo-prop Puccara, used for counterinsurgency but with a range of 1,000 miles, nine Canberra bombers to match Britain's Vulcans, and between six and eight French-built Super-Etendards, one of which fired the Exocet missile which destroyed HMS Sheffield two weeks ago.

Navy strategists note that the key principle of naval air defence is depth. No one ship can carry the radar or weapons to detect and deal with the threat on its own. There are three key levels likely to be operating in the South Atlantic.

As the diagram indicates, the key purpose of air defence is to protect the battle group, at the centre of which are the carriers. Ships immediately around the carriers have point defences —like the Type 22 frigate with its Sea Wolf missiles. Further out, however, will be, for example, a Type 42 frigate (armed with Sea Dart missiles) as well as patrolling Harriers, all providing a radar screen. Beyond that there should be early warning aircraft—but these the task force does not have in the South Atlantic.

"It gets hairy when your warning is degraded," said one officer this week. The lack of early warning radar is one of the most serious gaps in the force defences.

The first of Britain's own early warning Nimrods will probably not be delivered until late this year. The Nimrods now in the area are only equipped for maritime reconnaissance—tracking submarines and surface ships.

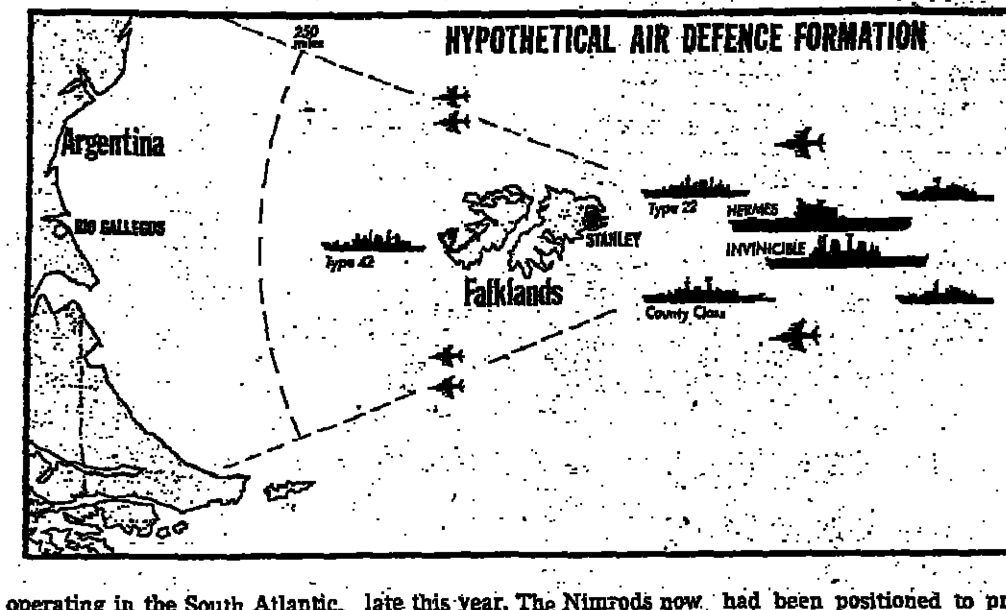
Admiral Woodward would no doubt like the loan of an American AWACs, but the Defence Ministry's judgment seems to be that President Reagan would not accede to such a request, and therefore London has made none.

A dramatic example of what can happen when aircraft get through the radar screen occurred last week, when at least a dozen Skyhawks penetrated. Though two Argentine aircraft were shot down by Sea Wolf aboard one of the Type 22 frigates, at least one of them was then able to fire a conventional iron bomb at one of the British ships. It was luck that the frigate was not destroyed.

It now seems that the frigate had been positioned to protect a destroyer picket and was therefore further than it might normally be from the main battle group. The aircraft also approached the warships overland, making early radar detection very difficult.

Admiral Woodward appears to have kept his main battle group east of the Falklands, so far therefore out of range of the Argentine shore based aircraft. As he steps up action to include landings, a major priority will be to get both air defences—primarily the mobile Rapier anti-aircraft missile system—and radar into position on the islands themselves. The Skyhawks were believed to have guided to the two ships last week by Argentine radar on the islands which the task force hoped it had destroyed.

Royal Marines, pictured on an exercise, went ashore at several points yesterday



Weekend decision on Papal visit to Britain

By Rupert Cornwell in Rome

THE POPE is expected to make known this weekend, and possibly this morning, his final decision on whether to go ahead with his visit to Britain. The visit is due to start on Friday but has been cast into deep uncertainty by the hostilities over the Falklands.

This morning John Paul II will celebrate a special Mass for peace in the Basilica of St Peters alongside Cardinals Hume and Gray from Britain and three Argentine Cardinals, Juan Carlos Aramburu, Francisco Primatesta and Eduardo Bironio.

To the last the decision on the visit has remained in doubt, despite mounting pressure from the Argentine Church to have the trip put off and yesterday's British landings in the Falklands after the collapse of the United Nations peace bid.

After a first meeting between the Pope and the Cardinals from the two countries Cardinal Hume declared that he was "still hopeful" that the trip might go ahead, although extension of the war might be the determining factor.

The fact that the Pope has waited so long to make up his mind confirms both his anxiety to go ahead with the visit if at all possible and the acute embarrassment that the present circumstances has caused. Cardinal Hume has consistently argued that its pastoral nature meant that no political interpretation could be placed upon it. But the Argentines have advanced precisely opposite arguments.

Intensive discussions have been taking place at the Holy See for several days and yesterday the Vatican was assessing the latest reports from its emissaries in London, Buenos Aires, New York and Lima, where Peru has formulated a new peace initiative, on the implications for the planned visit.

The final decision will, however, be very much the Pope's own.

Confident Argentine military set for long and costly conflict

BY HUGH O'SHAUGHNESSY AND JIMMY BURNS IN BUENOS AIRES

DESPITE the breakdown of the Perez de Cuellar peace initiative Argentina is insisting that it wants a negotiated settlement to the Falklands crisis. Argentina is expected to make the maximum possible use of the UN to push its case in the next few days and to seek a condemnation of British efforts to recapture the islands. It could also seek support from the non-aligned movement, whose bureau meets in Havana in a week's time.

There has been a welcome for the second effort by the Peruvian President Fernando Belaunde to suggest a compromise to the two contestants but diplomatic spokesmen here say that they are pessimistic of its success if fighting becomes more widespread.

The Argentine military appears set for a long drawn-out war with Britain and remains convinced that the task force will be unable to retake the islands according to current British strategy.

Some military sources in Buenos Aires are expressing concern privately at the cost in men and equipment of an escalating conflict. Significantly, the army and the air force are being called on to play a major role for the first time in the conflict. Previously the navy has lost the most in equipment and men.

However, the overriding mood following the breakdown of the UN mediation appears to be one of dogged resistance to any move that might be interpreted as surrender. The military believes that far from dampening nationalist fervour, British military tactics are succeeding in raising domestic feeling to a new pitch and that the majority of the civilian population is now psychologically prepared for a "heroic war," whatever the material consequences.

The junta is aware of the domestic implications of the Falklands crisis. The political parties, which have emerged only recently from years of domestic self-exile, are calling for unflinching military resistance while at the same time staking their claim to an eventual return to civilian rule. This message was made clear at a rally by the major opposition grouping, the Peronists, on Wednesday night—the second such public meeting in less than two weeks.

According to military sources, Argentina's superior air power, the sheer numbers of its troops on the islands now reported to be distributed widely, and the well entrenched artillery, will be capable of resisting any attempt to establish a permanent foothold.

It is being claimed in Buenos Aires that in yesterday morning's British attack the assaulting troops were surprised by the numbers of Argentine troops in the area and by the presence of a considerable number of artillery units. The Argentines claim that Argentine gun positions held back their fire during a recent reconnaissance flights by British Harrier jets so as to give a mistaken impression of their strength.

Now that full scale fighting appears to have broken out on the islands, Buenos Aires remains convinced that the Argentine air force will be able to prevent British Sea Harriers from providing adequate aerial support, and the British troops will find it extremely difficult to maintain their positions.

The Argentine military is also apparently unconcerned about the possible effects of continuing hit and run tactics by commandos. "They might be sufficient to do some damage but they won't get us out of the islands" said one military source.

At this stage strategists in Buenos Aires appear to have ruled out a major air strike against the task force, the bulk of which is reported to have withdrawn out of range of coastline artillery. However Argentine fighter planes will attack British vessels which approached the coastline to disembark troops. HMS Invincible is also being singled out as a possible target for attack.

The Argentine Air Force appears to be holding back from carrying out any major offensive in the belief that it will be called on to play a more crucial role if and when the British attempt a full scale invasion.

Military sources are continuing meanwhile to indicate that the Navy's major role in the next few days could be an attempted submarine attack on the two major troop carriers, Queen Elizabeth 2 and Canberra.

Ominously, military thinking here concedes that Britain can win the war but only if it is prepared to escalate the conflict to a much more serious plane than that at which it is currently being fought. The feeling in Buenos Aires is that the British if they want to win would eventually have little military option than to employ the services of additional nuclear submarines and to use Trident missiles with conventional warheads to destroy mainland bases.

● Argentina has officially admitted for the first time that the Soviet Union has halted its purchase of cereals but Sr David Lacroze, the Under Secretary for Agriculture, claimed that low prices in the Argentine grain market, brought on by the drying up of Soviet demand, had raised interest from Japan, Venezuela, Spain and Taiwan.

He said that 400,000 tonnes of grain had been bought by these non-traditional purchasers over the past week. Despite this about half Argentina's possible grain exports are understood to be unsold and 6m tonnes of cereals are still awaiting buyers.

Much uncertainty still surrounds the prospects for shipping the cereals from Argentine ports as Britain imposes its 12-mile blockade of Argentine coasts.

Argentina exported an estimated 2.7bn tonnes of cereals in April and 900,000 tonnes in the first two weeks of May. But cereals exported from Argentina since Argentine troops invaded the Falklands on April 2 were committed in contracts signed on the futures market months ago and do not reflect any new sales. According to trade analysts, these contracts cover only about 50 per cent of Argentina's cereal export potential and would thus leave a serious shortfall were no further sales to be signed.

Sr Lacroze is reported to be preparing to lead an important trade mission to Moscow at the end of this month with the apparent aim of pressurising the Soviet Union to sign new cereal and meat contracts.

Argentina's central bank has announced a sharp rise in foreign debt, which is officially put at the end of last year at \$35.7bn. Of this \$20bn was owed by the public sector and \$15.7bn by private borrowers.

These figures were up 38.5 per cent and 23.2 per cent respectively over the previous year. Foreign reserves were almost exactly halved in 1981 and ended the year at \$3.87bn.

As the hostilities have taken their toll the debt is known to have risen again and reserves fallen. A high level committee to supervise the freezing of British assets, which was decreed on Wednesday, has been appointed under the chairmanship of General Hector Iglesias, Secretary of the Presidency.

Highly strung city lives on its nerves

BY JIMMY BURNS IN BUENOS AIRES

THE CITY shakes and rumbles . . . flashes in the night . . . the sound of a child crying and then . . . the inevitable downpour. After more than a month and a half on the edge of war it is possible to mistake an early morning storm for a dawn raid.

British planes are unlikely to bomb Buenos Aires, but it is difficult not to get caught up in the tension of events. There are few conversations that do not focus dramatically, sooner or later, on the "Malvinas;" no television programme that is not interrupted at five-minute intervals by the Junta's latest logo urging the spectator "to victory". Even cinemas, where most Portenos tend to seek their relaxation, are affected by the war psychosis. After months of hesitation the military rulers have allowed the showing of "Nobody's Woman", a previously banned film about women in one of the world's most "macho" societies. First, however, the audience is subjected to a 20-minute documentary showing a simulated battle between British and Argentine troops — no prize for the reader who guesses the winner.

* * *

Buenos Aires is highly strung, even in peacetime: there are so many psychoanalysts that a part of the city is called Villa Freud. The profession is now working overtime with the popular weekly Semanario devoting its latest edition to suggestions on "How to beat the tension of war."

In the ten-point plant, psychologist Maria del Carmen Cansado offers the following advice:

- be conscious of a state of war
- analyse what has happened
- make sure that you know the cause you defend is a just one
- accept reality
- be careful of bad information
- don't believe everything you hear
- set to one side your fantasies
- don't provoke in your children a greater tension from that to which they are already submitted
- don't fall into making monotonous statements
- avoid defeatist arguments

Sound advice for a British subject living in Argentina?

* * *

Or for a journalist?

Seldom in the history of modern journalism have so many foreign correspondents been under such pressure to report a war and yet been so far away from the scene of battle. Banned by the military authorities from going outside Buenos Aires, closeted within the cheerless walls of the Sheraton Hotel, the adrenalin which many of them brought from El Salvador is difficult to sustain.

Diversion takes many forms. In recent days correspondents invented a game called "Spot the Goon." It involves trying to identify which of the Ford Falcons parked outside the hotel kidnapped one of your colleagues the day before.

* * *

The Argentines generally continue to play the game they have always played: buying up half the world and offering pesos on the black market in the hope that this will be a hedge against inflation. In a downtown electrical shop all the television sets have sold out. "Everyone wants to be sure of watching the World Cup," explained the salesman. In spite or Sr Alemann's recent 14 per cent devaluation, bringing the official exchange rate to 14,000 pesos to a dollar, the little men still burrow away taking your dollars for 20,000 or more.

* * *

Emotions in Buenos Aires tend to be operatic rather than real. Minutes before the start of a production of Tosca at the city's impressive Colon Theatre, the audience is brought to its feet as the orchestra plays the national anthem. The Spanish international star tenor, Placido Domingo, has been replaced in the lead role by a local unknown: in a climatic aria his virtuoso performance overshadows the more established foreign singers on stage and the audience responds with loud applause. Later, a particularly lasting roar erupts from the aisles when the tortured frame of the hero collapses on the ground clutching his national flag.

British radio station could cost up to £1m

BY ANDREW WHITLEY

RADIO ATLANTICO DEL SUR, the clandestine British radio station broadcasting in Spanish to Argentina, will have annual running costs of between £500,000 and £1m.

A BBC spokesman said yesterday that this estimate, supplied by the Ministry of Defence, is between three and five times the cost of the recently-axed External Services' broadcasts in Spanish for Western Europe.

Ironically, there have been indications over the past week that the Foreign Office may have a change of heart over the BBC's European Spanish service in light of the adverse public reaction in Spain to Britain's approach to the Falklands crisis.

Since Wednesday Radio Atlantico del Sur, using a requisitioned BBC transmitter on Ascension Island, has been broadcasting a mixture of propaganda designed to undermine the morale of Argentina's troops and pop music to catch their attention. Transmissions have been limited to three hours each evening, leaving silent for the moment the planned hour-and-a-half in the morning.

The transmitter, one of four on the island, was taken over under the authority vested in the British Government by Clause 19 of the BBC's Licence and Agreement, a form of contract linked to its charter. It is the first time in the Corporation's 60-year history that the Government has felt the need to invoke the Draconian reserve powers it holds through the Licence.

The only comparable precedent, during the Suez crisis of 1956-57, involved the takeover of a commercial radio station based in Cyprus. Radio Sharq al-Adna ran for seven months to counter propaganda from Radio Cairo and a BBC which fought hard to preserve its own editorial independence.

This time, the External Services editorial independence is not at stake. Indeed, BBC executives say privately that the Foreign Office, for once, has been helpful.

The threat to the position of the BBC is more subtle, as many listeners in Latin America may be confused by the two "Voices of Britain."

The BBC is pinning its hopes on the belief that Radio Atlantico del Sur, broadcasting at different times, and on a different frequency from its own regular Spanish-language transmissions, will show itself up to be what it is through its contents.

● A helicopter comes in to land during a Royal Marines training exercise: now the training has become reality.

Correspondents offer mixed views of coverage

BY DAVID TONGE, DIPLOMATIC CORRESPONDENT

WHEN the Falklands crisis erupted, the British Ministry of Defence reacted dustily to attempts to involve journalists in its military efforts. Now many of those who deal with the British government believe it has much to learn on how to fight the increasingly important battle for world opinion.

Complaints about past performance have tended to concentrate on what the Ministry has not said. "The problem has for the most part been not inaccuracy but omission." Mr Steve Rattner, London correspondent of the New York Times, says.

In this context correspondents cite as an example the failure to report the loss of two helicopters on South Georgia on April 22. They allege that this approach has caused some suspicion in Washington among both editors and U.S. government departments such as the Central Intelligence Agency.

"Ten days ago Washington was convinced that Britain was covering up a major naval battle in the South Atlantic. Satellite intelligence had shown British ships taking evasive action accompanied by explosions," according to Mr Len Downie, London bureau chief of the Washington Post.

But if U.S. newspaper journalists' criticisms of available military information are mixed with praise for political and diplomatic briefings they have received, other media have been less patient.

One representative of Paris Match, the French pictorial magazine, complains that he was refused the negatives of a picture printed in a Royal Naval magazine on the grounds that it was restricted. The picture showed helicopter pilots including Prince Andrew, the Queen's second son.

The problem of obtaining television film to balance that provided by the Argentines has persisted, but the Ministry has installed the equipment necessary to transmit black and white still photographs from the South Atlantic.

Problems also persist over transmitting film directly from the task force. Transmission via satellite not only involves the technical problem of keeping the radio beam sent from a tossing ship focused on a military communication satellite. It also involves closing down the ship's normal communications for up to 30 minutes to transmit a mere five minutes of film.

The complaints of the BBC and ITN—and of the other television companies which would use their footage—are twofold.

The first is that, even allowing for military concern, the restrictions placed on journalists have been so excessive as to be counterproductive. One example cited is of the opportunity which was missed of obtaining good footage of a generous Britain trans-shipping Argentine prisoners at Ascension Island for return to Argentina.

The second complaint concerns the general lack of military priority given to the "propaganda war." BBC and ITN finally persuaded the Ministry of Defence to allow an engineer onto Ascension Island to upgrade the equipment there for the transmission of film. However, facilities have not been made available to speed film from the task force. Instead it has been sent on the 3,500 mile journey by the first available ship.

To listen to some journalists it would seem that the propaganda war has already been won by the Argentines and their own limited material broadcast to back up their claims. Yet this is far from so. By many standards the results of the publicity for the conflict have so far been very satisfactory for the British. A recent Foreign Office selection of editorials from newspapers round the world showed support from countries as varied as Zambia and Mexico.

The case of Spain, however, shows how much reaction to the crisis has depended on existing prejudices. The Spaniards have responded to the troubles of their "kith and kin" in Argentina with the same spirit as the British might if Australia were threatened. An added factor is that, in Gibraltar, Spain has its own home-based "Malvinas" quarrel with Britain.

However, initial sympathy for the Argentines has been augmented by strongly coloured reporting both in the Press and on the states controlled television and radio networks. From London the dispute is reported as "the Iron Lady's war," while television programmes are interrupted to give the latest news flashes from Buenos Aires.

Unfortunately for the British cause the BBC Spanish Service is no longer broadcast to Spain; it was axed on December 31 to save £180,000 a year. Nor have British diplomats appeared active. Since the crisis began not a single member of the British Embassy in Madrid has been seen on television or radio.

In Washington, by contrast, Sir Nicholas Henderson, the British Ambassador, has been seen frequently and to good effect. His forceful performances have gone down well with an audience already disposed to support the cause of their oldest ally. Sir Nicholas admits he is not sure all his appearances were necessary.

But such interviews and the way that U.S. television producers in London have been able to call on a wide-range of articulate English - speakers appear to have outweighed any advantage the Argentines might have had.

In France and West Germany the British case has been carried fully, and generally given more credibility than the Argentine one. Among the Scandinavian countries, Sweden, which might have applied its pacific principles against the despatch of the British task force, has tended to be more supportive of Britain—particularly because the commander of the Argentine forces on South Georgia is alleged to have been responsible for the killing of a Swedish woman.

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OVERSEAS NEWS

SOUTH KOREAN LOAN SCANDAL

Chun retains two key Ministers

BY DAVID DODWELL

SOUTH KOREA'S President Chun Doo-Hwan yesterday accepted the resignations of 11 of his 22-man Cabinet. His move comes after a multi-million dollar loan scandal that has rocked the country's financial markets and tainted the reputation of the President, his political party, and numerous officials.

The Cabinet offered its resignation on Thursday, accepting "moral and political responsibility" for incidents not specified, but understood to be connected with the scandal.

Those dropped by the President include the Defence Minister, the Minister of Commerce and Industry and the Justice Minister.

Contrary to expectation, neither the Economic Planning Minister nor the Finance Minister were allowed to resign, even though the President held these two Ministers responsible for the scandal. They have been retained to help resolve the crisis.

The loan scandal erupted two weeks ago when two active operators on Korea's informal "kerb" loan market were arrested and charged with violating foreign currency regulations and reneging on agreements with borrowers not to trade loan guarantees worth at least $360m (£202m).

By Thursday night, when the public prosecutor submitted his report on the crisis to the President, 19 people had been arrested, including a relative of the President's wife. One major company had been declared bankrupt and another had been taken over by the courts. Two of the country's five main banks had been implicated.

The fraud has shaken public confidence in the Government, and has compromised the President, who has made a campaign against corruption his highest political priority since coming to power two years ago.

Retention of his two main economic Ministers highlights the fact that Government attention will now shift to the reforms needed to prevent such a scandal occurring again.

The President is believed to be considering raising the ceiling on growth in money supply (M2) by 3 percentage points to 25 per cent. But he needs also to devise some way of siphoning funds away from the kerb market, which accounts for about 40 per cent of money available for lending.

The Government might allow the legitimate financial institutions to raise or float interest rates offered to investors, since part of the appeal of the kerb market has been that it offers interest rates of about twice the rate offered by official institutions.

Rise in UK emigrants to S. Africa

By J. D. F. Jones in Johannesburg

A DRAMATIC increase in the number of emigrants from Britain to South Africa has been reported by the Department of Statistics. In 1981, 19,440 British immigrants settled in South Africa, an increase of more than 9,000 on the previous year.

This British contingent accounted for nearly half of the total for the year. The second principal source of immigrants was Zimbabwe, which accounted for 14,657, which was 2,154 more than in 1980.

China rejects offer

China has reacted to a renewed offer from Moscow to improve relations by denouncing the Soviet Union as the biggest expansionist nation of the modern age.

The tone of the Chinese reply was a further sign that a political thaw in relations between the two Communist giants was unlikely, Reuter reports from Peking.

Submarine protest

Irish fishermen have put on display confidential documents, apparently from the U.S. nuclear submarine Henry Clay, found by a trawler in a canister in the Irish Sea, Brendan Keenan reports from Dublin.

Polish dissident freed

The Polish authorities have freed Mr Jan Jozef Lipski, a well-known literary critic, in a sign that they are still hoping to establish some kind of dialogue with the country's intelligensia. Christopher Bobinski reports from Warsaw. At the same time it was announced that prison sentences of between five years and 18 months had been imposed on six Solidarity members in Silesia charged with producing leaflets.

Vietnamese released

Thailand freed 12 Vietnamese airmen yesterday whose military aircraft had crash-landed in Thai territory last February, writes Jonathan Sharp in Bangkok.

Zimbabwe caution

President of the Zimbabwe Chamber of Mines, Mr Roy Lander warned yesterday that the industry's "fundamental viability was at stake." Addressing the chamber's annual meeting he said even the most hopeful price forecasts were unlikely to be sufficient to counter mounting costs, writes Tony Hawkins in Harare.

Japanese pay rise

Japanese workers won an average basic pay rise of just under 7 per cent in the annual "shunto," or spring round of pay negotiations, outstripping the 4 per cent inflation rate, Reuter reports from Tokyo.

U.S. consumer prices rise 0.2%

BY ANATOLE KALETSKY IN WASHINGTON

CONSUMER PRICES in the U.S. increased by 0.2 per cent in April, after the 0.3 per cent fall in the consumer price index recorded in March, the first monthly drop since 1965.

Over the past six months consumer prices have increased at an annual rate of only 2.8 per cent, but this very moderate trend of inflation is unlikely to be sustained in the near future, as energy prices stop falling.

The April consumer price index, published yesterday by the Labour Department, was reduced by a record 6.7 per cent fall in petrol prices and a 3.8 per cent drop in home heating costs. But inflation in food, housing, medical and miscellaneous service costs showed some acceleration in comparison with recent months.

A Labour Department spokesman said energy prices might soon show some increases, as a result of some "supply curtailments" but there was no evidence that they would rise sharply. The congressional joint economic committee was told that "the reduction in inflationary pressures is broadly based."

Mr Donald Regan, Treasury Secretary, said this week that he expected inflation to average between 6 per cent and 6.5 per cent for 1982, as a whole, suggesting that a significant acceleration might be expected over the coming months. Almost all economists agree, nevertheless, that the inflationary outlook is much better than expected even a few months ago. In February, the Administration predicted that inflation during the year would average about 7.5 per cent.

China halts polyester imports

BY RICHARD C. HANSON IN TOKYO

CHINA has apparently stopped importing polyester staple, the synthetic fibre which last year became the single most important textile export to China from the West and Japan.

Chinese officials have called a halt to imports, mainly to allow a reduction in bloated inventories, which built up last year.

According to information available in Japan, China does not expect to resume imports for the rest of the year.

Other kinds of man-made fibre imports are said to be continuing more or less normally.

By cutting off polyester staple, the Chinese have dealt a severe blow to the textile producers of the U.S., Europe and Japan. Countries such as Taiwan and South Korea, which trade in textiles with China through indirect routes, will also be hurt.

According to rough estimates, polyester staple may account for about half of the imports China takes of man-made fibres. Last year China is believed to have imported about 570,000 tonnes of such fibres.

The U.S., with about 310,000 tonnes shipped, is said to have devoted about 16 per cent of its total production capacity to supplying the Chinese market. China last year became by far the world's biggest export market.

Japan shipped about 160,000 tonnes of man-made fibre, including 66,412 tonnes of polyester staple. About 10 per cent of Japan's overall synthetic textile exports last year went to China.

Taiwan, South Korea and others in Asia may have exported about 50,000 tonnes of man-made fibres. Textile companies in the region are said to have committed themselves to increased capacity partly in hope of supplying China. Therefore the cutback may have severe repercussions rather soon.

Japanese companies, on the other hand, expect to weather the crisis by shifting exports to other markets.

Two-state setback for Gandhi

BY K. K. SHARMA IN NEW DELHI

AFTER unexpected gains in the southern Communist stronghold of Kerala, where her Congress (I) Party will form the government in alliance with some local parties, Mrs Indira Gandhi, the Indian Prime Minister, faces major setbacks in three other Indian states where elections were held on May 19.

Final results will be declared today but last night it was already clear that Congress (I) has lost ground in the northern states of Himachal Pradesh and Haryana and would not be in a position to form a government in both.

In the eastern state of West Bengal, the ruling left-wing front led by the Marxists was heading for an easy victory after gaining more than two-thirds of the seats declared by yesterday. The Marxists are thus assured of another five years of power in West Bengal.

Combined with these setbacks is the certain loss of at least four of seven parliamentary by-elections by Mrs Gandhi's party. The Prime Minister and her son, Mr Rajiv Gandhi, campaigned vigorously in all the states where elections and by-elections were held.

Thus with the exception of Kerala, where the Congress-led coalition is expected to be unstable, Mrs Gandhi has lost ground in the first major test of her popularity since she returned to power in January, 1980.

Her position as Prime Minister is not threatened, however, as the next general election is not due until 1985.

Fraser hopes for cut in protectionism

BY CHARLES SMITH, FAR EAST EDITOR IN TOKYO

THE seven-nation Versailles Summit next month must produce a multilateral plan for the reduction of protectionism and subsidies if the contraction of world trade is to be reversed, Mr Malcolm Fraser, the Australian Prime Minister, said in Tokyo yesterday.

He added, however, that as far as he knew no such plan was being prepared by any of the participating nations. There was a risk that the Summit would end, like its predecessors, with a "polite" communique. In the opinion of Australia this would "not be good enough."

Mr Fraser put forward a three-point proposal for de-escalating protectionism in a speech in New York on May 18. He emphasised yesterday that Australia had no "pride of authorship" in its plan and that alternative proposals might work better. "So far, I see no signs that such proposals exist," Mr Fraser added.

Asked to comment on Japan's plant to produce a unilateral import liberalisation package timed to coincide with the Summit Mr Fraser said that any steps to open the markets of powerful trading nations were to be welcomed. He doubted, however, whether protectionism could be dramatically reduced by one nation acting alone.

Bonn wary of special EEC status for Britain

By Jonathan Carr in Bonn

THE West German Government does not favour ideas being floated anew by France about a special status for Britain within — or on the fringes of — the European Community.

Bonn Government officials stress that while there is some superficial attraction in the plan for a "two-tier Community"—with Britain on the lower rung—the consequences could be very serious.

It is pointed out that negotiation of a special position for Britain could set a precedent for other "difficult" members or candidates, including Greece and Spain.

It is felt the result could easily be a "degeneration" of the Community, whereas the main thrust of West German policy is still aimed at closer unity, despite current economic problems and political disappointments.

This commitment was stressed by Chancellor Helmut Schmidt again this week in his speech in Aachen supporting Spain's admission to the EEC. It is also underlined by Herr Hans Dietrich Genscher, the Foreign Minister, in his constant references to the need for closer European political union.

One senior official underlined that the example chosen by M Claude Cheysson, the French Foreign Minister, of the EMS as an existing "two-tier" approach had not been a good one.

He noted that Britain was in fact a member of the EMS, although not so far, by its own choice, taking part in the system's exchange rate mechanism. However, Bonn still hoped that Britain would finally play a full role in the EMS—and would deplore any return to the old division in the EEC between "currency snake" and "non-snake" members.

It is also stressed that while Bonn went along with the majority decision against Britain in the EEC Farm Council this week, it did so unwillingly and with misgivings for the possible implications for West Germany.

As the biggest — and at times only—net contributor to the EEC budget, Bonn fears that a precedent may have been set which will put it at a disadvantage in votes on other financial issues.

Spadolini wins second vital confidence vote

ROME — Sig Giovanni Spadolini's five-party coalition on a second vote of confidence on vital economic legislation yesterday.

The Government won parliamentary approval of a second key article of a law on redundancy payments, which it needs to push through before a referendum falls due, by 317 to 225 votes.

The referendum proposes index-linked severance payments which Mr Spadolini considers economically disastrous and which his bill limits.

In a further part of its economic strategy the Cabinet has approved plans that could exchange lower pay packet reduction for wage restraint within the index-linked wage rise system.

The Cabinet wants a 16 per cent ceiling on pay rises and has discussed a draft law that would reduce the deduction burden. This would give minor benefits in early summer but any major concessions could not come into force until autumn.
Reuter

Robert Cottrell, in Hong Kong, reviews prospects for the Colony's new governor

Big shoes to be filled at Government House

THERE CANNOT be many jobs like it left in the world—nor many hats like it either. Ostrich plumes fluttering aloft, Welsh diplomat Sir Edward Youde arrived in Hong Kong this week to be sworn in as the Colony's 26th governor in 140 years of British rule.

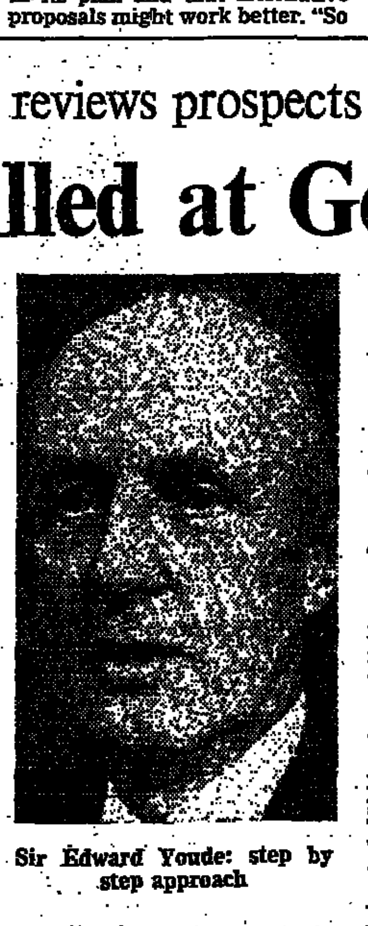
Aged 57, Sir Edward is a former British ambassador to Peking and number two man at the Foreign Office—the latter post carrying the Dickensian title of "chief clerk." His career background is particularly useful since the main issue overhanging his governorship is one which will have to be settled by lengthy diplomatic negotiation. The lease on much of Hong Kong's territory, obtained from China's rulers in the 19th century, expires in 1997.

The new Governor has already said that he does not want to force the pace toward formal negotiation on the lease question. He is confident that "step-by-step" exchanges are the way towards a satisfactory outcome.

There is little effective preparation for other aspects of the Governor's job, except the few words of good advice which Sir Edward has already received from his predecessor, Sir Murray MacLehose. Do not spend too much time in Government House, said Sir Murray.

The Governor is the Queen's representative and, in theory, his powers are almost limitless so long as he retains royal approval and acts within the bounds of British law.

In practice, Sir Edward will find himself presiding over a smoothly run civil service structure, at the top of which are his executive and legislative councils. On these councils, senior civil servants sit alongside leading private-sector appointees, usually businessmen, and together they advise the Governor, enact legislation and control public expenditure. The Governor may reject a majority



Sir Edward Youde: step by step approach

opinion from the executive council, but if he does so he must explain his reasons to the British Foreign Secretary.

Hong Kong does not like to be called a "colony" any more, "territory" is the preferred substitute. Its people are conscious that their interests are not always the same as British interests: UK overseas student fees, textile quotas and the Nationality Act are cases in point.

Sir Edward has said that these British positions are general ones which may have affected Hong Kong but were not directed against it. He has also said that Hong Kong can expect him to defend its interests. Sir Murray stood up for Hong Kong, and was admired there for it.

Sir Murray also presided over 10 years of strong economic growth, and used those good years to back social programmes including huge public housing development. He also instituted a clean-out of organised corruption, and it is for these things that the "MacLehose years" will be best remembered.

Sir Edward Youde takes office at a time when rising material aspirations may have to be tempered, at least in the short term, by a duller economic outlook for Hong Kong. He may also find that, while the present system of government has coped well with day-to-day running of the Colony, the approaching political crunch with China may stimulate greater concern among Hong Kong people that their own 5½m voices should be heard.

Democracy in the territory is presently confined to local district boards, and there is little expectation that any extension of it would be welcomed by Peking. People in Hong Kong have watched keenly the British Government's attitude towards self-determination for the Falkland Islanders, though that is the only useful point of analogy between the two cases.

Sir Murray has, in sum, left a big pair of shoes behind at Government House. But in his first couple of days, Sir Edward has shown a cheerful and unstuffy personality which should do much to help him fill them.

UK NEWS

Treasury rules out action on mortgage relief plans

BY IVOR OWEN

GOVERNMENT intervention to persuade the building societies to change their plans for next April's switch to deducting tax relief on mortgage interest at sources, instead of through PAYE codes has been ruled out by Mr Nicholas Ridley, financial secretary to the Treasury.

Early yesterday he told the Commons Standing Committee considering the Finance Bill that any dissatisfied owner-occupier should look to the banks or any other financial institutions ready to compete with the building societies.

Mr George Cunningham (Independent Labour, Islington South and Finsbury) had urged the Government to delay the switch to the new tax arrangements until the building societies had devised a system of net payments which was less burdensome to owner-occupiers in the early years of the loan repayment period.

He stressed that on the basis of the building societies' present plans, from next April, 75 per cent of owner-occupiers will face an increase in their monthly repayments which will cancel out the benefit obtained from the recent 1½ percentage points cut in the mortgage interest rate.

Mr Cunningham underlined that the increased payments will result solely from the building societies' decision to opt for "front-end loading" of the repayment period.

He suggested that the added financial burden in the early years of the repayment period would cause particular difficulties for couples buying their first house.

Mr Cunningham called on the Government to use "its not inconsiderable clout" to get the societies to use a more acceptable method of implementing the change.

Mr Ridley, a staunch advocate of the market economy, refused to contemplate such a course.

He said it was "extraordinary" that the Government should be asked to get undertakings and change potential arrangements between two private-sector parties entering into a contract.

Annual inflation rate at 9.4%

BY MAX WILKINSON, ECONOMICS CORRESPONDENT

THE UK'S annual inflation rate moved down to 9.4 per cent in April, well below the average for the European Economic Community and only about a point above the average for developed countries.

The retail price index for April rose 2 per cent from March to 319.7 (January 1974=100), but almost all the rise resulted from special factors, including increases in local authority rents and rates, London bus and underground fares and a sharp rise in the price of fresh fruit and vegetables.

After these and other increases relating to the Budget are excluded, there was only an underlying rise of about 0.4 per cent in the price index for the month.

In the same period last year the rise was 2.9 per cent.

The tax and price, which measures the gross taxable income needed to keep pace with rising prices, moved back into line with the ordinary retail price index after a year of sharp divergence.

For April it was 166.0 (January 1978=100), 9.7 per cent more than a year before.

The TPI was boosted by the March 1981 Budget which increased the burden of taxes. As a result, the annual increase in the TPI was between about 14½ and 15½ per cent for most of the year.

Yesterday's figures were cautiously welcomed by Sir Terence Beckett, director general of the Confederation of British Industry. "This is an encouraging sign. It is a reflection of the industry's success in holding down costs. The need for an early cut in interest rates to continue the reduction in the cost of living and to stimulate investment is now paramount."

He said that if the improvement in the inflation figures was to be maintained, continuing moderation in pay settlements would be necessary along with further reductions in business costs.

Mr Norman Tebbit, the Employment Secretary, said: "Double-figure inflation first appeared in Britain 11 years ago. There were periods when its grip was loosened, but each time it came back with a vengeance. At the peak, prices were doubling every three years.

"With inflation down to 9 per cent and still falling, we can now start to compete with other countries. This makes today's inflation figures the best long-term news for jobs that we possibly could have had. Britain is beginning to fight back."

He stressed the need for pay settlements to come down still further from the current level of about 7 per cent so that progress in reducing inflation could be maintained.

ANNUAL INFLATION RATES (March)	
Japan	2.8
Switzerland	4.7
West Germany	5.2
Austria	5.9
U.S.	6.8
Netherlands	6.8
Belgium	7.1
Sweden	8.6
UK	10.4
Canada	11.6
France	14.1
Italy	16.5
Ireland (Feb)	18.9
Greece	20.6
EEC average	10.7
OECD average	8.5

Source: Department of Employment

RETAIL PRICES ANNUAL PERCENTAGE INCREASE TO APRIL 1982	
All items	9.4
All items excluding food	9.2
Food	10.4
Seasonal food	26.0
Food excluding seasonal	7.6
Alcoholic drink	10.5
Tobacco	11.7
Housing	14.9
Fuel and light	14.7
Durable household goods	3.0
Clothing and footwear	1.3
Transport and vehicles	6.9
Miscellaneous goods	8.0
Services	11.9
Meals out	7.5
Nationalised Industries	14.1

Source: Department of Employment

Warning on oil supply assumptions

BY RAY DAFTER, ENERGY EDITOR

THE WEST would be unwise to expect Saudi Arabia to stave off any future oil crisis, says a report published yesterday by the British Institutes' Joint Energy Policy Programme.

"It would be imprudent and unfair to expect Saudi Arabia alone to solve the world's problems in a future crisis," say the authors, Mr Robert Belgrave, a former director of BP International, and Mr Daniel Badger, an analyst in the International Energy Agency.

Saudi Arabia, with its substantial ability to adjust its production rates, had helped to prevent the outbreak of war between Iraq and Iran in 1980 leading to an oil crisis such as happened in 1979 and 1973-74.

Other factors which worked in energy consumers' favour in 1980 included high oil stocks, the "studied calm" and prompt and discreet action of the IEA and a general lack of panic among private and commercial oil users.

However, the report warns that energy consuming countries should not take it for granted that "what went right in 1980" would necessarily be repeated in times of future supply interruptions.

The Energy Policy Programme is run under the joint auspices of the Policy Studies Institute, and the Royal Institute of International Affairs in association with the British Institute of Energy Economics.

"Oil Supply and Price: What Went Right in 1980?", Daniel Badger and Robert Belgrave; Policy Studies Institute, Castle Lane, London SW1; £4.50.

Derelict Land Bill passed

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

A BILL approved by MPs yesterday will bring new life and jobs to derelict city areas, Mr Giles Shore, Under-Secretary for the Environment, told the Commons.

The Derelict Land Bill will enable Mr Michael Heseltine, the Environment Secretary, to designate areas in England where 100 per cent grants can be given to local authorities to clear derelict land for development.

In Wales, the Welsh Development Agency will have the power. The measure is part of a package put forward by the Government after inner-city riots last year. The Bill was given a second reading and now goes to the House of Lords.

Dr David Clark, the Labour Environment spokesman, said that to make grants available to the private sector was likely to hinder rather than assist land clearance.

Mr Christopher Murphy (Con., Welwyn and Hatfield) said the provisions would do much to regenerate land bonds in built-up zones and turn them into "treasure troves."

Police chief warns on inner cities

Financial Times Reporter

FRESH OUTBREAKS of public disorder will hit Britain's inner cities unless drastic action is taken to improve conditions, Mr Christopher Payne, Chief Constable of Cleveland, warned yesterday.

He argued in his annual report for more liaison between police and local authority planners. Police were rarely involved in drawing up local authority structure plans, although they had plenty to offer.

Crime in Cleveland rose by more than 12 per cent last year. A "disturbing factor," said Mr Payne, was the increasing use of violence, often with knives.

A total of 39,817 crimes were reported in the north-eastern county, of which 18,335 were solved, giving a clear-up rate of nearly 48 per cent, which is above the national average.

Mr Payne said the 7 per cent increase in crimes of violence was partly the result of the glorification of violence and partly because people were being uprooted in large numbers from inner cities.

In Cleveland, the force was trying to combat the problem by putting more officers back on the beat and into community relations, said Mr Payne. Cleveland's major city is Middlesbrough.

● Mr Leslie Curtis, of the Surrey force, is to take over as chairman of the 120,000-strong Police Federation of England and Wales when Mr Jim Jardine retires in October.

BCal expects LA profit

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH Caledonian Airways, which began a regular service between Gatwick (London) and Los Angeles yesterday, believes it will soon make profits on the route.

Mr Adam Thomson, the chairman, said the airline already had 15,000 bookings.

British Caledonian served the route regularly before 1974, when it withdrew under a retrenchment plan. Laker Airways then took it over.

After Laker collapsed this year, British Caledonian sought to regain the route, and was awarded an unrestricted 10-year licence by the Civil Aviation Authority.

Mr Thomson said the airline was prepared "to battle energetically for Britain's share of the market. We expect our service to be profitable in the short-term, and that the operation will play its part in British Caledonian's return to profitability this year and in the long-term prosperity of the entire Caledonian Aviation group."

The airline is operating three DC-10 flights a week—on Wednesday, Fridays and Sundays—and will provide six flights a week (every day except Thursday) from June 19.

Moore work sets record

BY ANTONY THORNCROFT

A RECORD auction price for a work by a living artist was set at Sotheby's in New York on Thursday when a London dealer paid $1.265m (£710,000) for Reclining Figure, carved in elmwood in 1945 by Henry Moore. In March, £420,000 was paid for a Salvador Dali painting.

The sale of modern and impressionist works of art totalled $8,702,100 (£4.9m). A Connecticut collector paid $451,000 for Young Woman with a Chignon by Renoir and $429,000 was paid for Seated Nude with Woman Arranging Her Hair by Picasso.

Christie's completed its week of modern and impressionists in New York with an auction of drawings and watercolours which totalled £710,172.

Derby day buses

LONDON TRANSPORT is to provide an express day service for racegoers between Morden underground station and Tattenham Corner on Derby day, June 2, and Oaks day, June 5.

UK NEWS

Jobbers to end London options business

By Duncan Campbell-Smith

BISGOOD BISHOP, the fifth largest stock market jobbing firm, has decided to withdraw from the London market in traded share options. Mr Brian Winterflood, a Bisgood managing director, said the firm would run down its London options business over the remainder of the year.

Along with the four largest jobbers, Bisgood entered the market when it was launched in April, 1978. But it indicated more than once last year that the profitability of its traded option operations was proving a disappointment and the business was "under review."

Mr Winterflood explained last night that "despite some improvement in the volume of business transacted, we were not able to improve our profitability in this area." The decision to withdraw would allow a valuable re-deployment of the three jobbers involved.

Bisgood has been the principal market-maker in three of the market's 18 classes of traded options. Each class presents investors with an option to buy—and, in many cases, to sell—the shares of an underlying stock.

Marks and Spencer, Courtaulds and P & O were Bisgood's stocks. Pinchin Denny, another leading jobber, is to assume responsibility for P & O options. Those of the other two will be picked up by two of the other three participants in the market.

News of Bisgood's decision, though long expected in some quarters of the market, seems bound to excite further speculation about the recent progress of the traded options market. Competitors were stressing yesterday, however, that its prospects for stability and growth were unaffected.

Mr David Steen, a partner at Pinchin Denny, said he was keen to see the market's capacity expanded, "but it's no good having people in the business who are not happy with that environment."

This year, said Mr Steen, the market had handled an average of more than 1,840 contracts a day, compared with about 1,180 over the equivalent period last year. There was a 43 per cent jump in turnover for traded options during 1981.

Foot attacks Government over farm policy setback

BY ELINOR GOODMAN, POLITICAL CORRESPONDENT

LABOUR PARTY leaders yesterday used this week's events in Brussels and Luxembourg to launch a new attack on the Common Market, and on the Government's inability to bring about its reform.

Mr Michael Foot, the Labour leader, taunted Mrs Thatcher for her failure to make any specific response to the EEC Farm Council's decision on Tuesday to ignore the British veto over farm price increases, while Mr Peter Shore, the party's economics spokesman, claimed that the refusal of Italy and Ireland to renew sanctions against Argentina was a "slap in the face" for Britain.

Both claimed that events this week had proved the necessity of negotiating a new relationship with the Community.

Mr Foot, referring to the Farm Council meeting, said the best solution now would be for Britain to prepare to withdraw from the Market altogether. Failing that, he said, Mrs Thatcher should freeze Britain's contributions, or withdraw from the Common Agricultural Policy.

It was all very well, he said, for ministers to fume about how the veto had been undermined. But what was needed was deeds, not words.

Mr Foot's remarks came as ministers held their first meeting to discuss the implications of the Farm Council meeting. They did not, however, come to any firm decisions about how to react.

Mr Francis Pym, the Foreign Secretary, will not, therefore, make any specific threats at next week's meeting of EEC foreign ministers. Instead, he will stress the British Government's deep unhappiness with Tuesday's decision and make it clear that Britain is determined to get the Luxembourg agreement clarified.

He will also repeat the Government's insistence on an improved budget deal for the year ahead. The Government is opposed to the idea of a trade-off between a deal on the budget and support from other EEC countries for sanctions against Argentina, but the need to get an extension of sanctions will obviously be a major factor in Mr Pym's negotiating position.

Ministers are so preoccupied by the Falkland Islands dispute that they have not yet come up with the considered response on the veto which they believe will be necessary in the long term.

At yesterday's meeting, chaired by the Prime Minister, they discussed options short of withdrawal, including various methods of withholding payments.

The Government is deeply embarrassed and angry about the way farm ministers caught Britain off guard. It faces a rough ride from both the Opposition and Conservative anti-Marketeers in next week's debate on the EEC.

The indication of the kind of approach Labour will adopt came in a speech by Mr Shore at Morden last night. "The whole basis upon which Britain was ultimately and reluctantly persuaded to join the Common Market has now been unilaterally destroyed," he said.

He insisted that Britain must immediately reassert its rights. That meant refusing to accept EEC price decrees, "legislating at once to render them inoperative within the UK."

Industry 'disillusioned with EEC'

BY JAMES McDONALD

THIS WEEK'S Common Market dispute over agriculture prices was only the first of a series of potential conflicts causing disillusionment to British business supporters of the Community, said Maj-Gen Stuart Watson, executive director of the Institute of Directors, in Edgbaston yesterday.

"Community plans to supersede British company law and industrial relations practice by a series of binding directives now being prepared in Brussels are causing increasing disillusionment with the way Community membership is working out among British commerce and industry", he said.

"The Community must not confuse strong British business support for the concept of a common market, in which barriers to trade and the supply of goods and services are removed, with approval for a series of measures which threaten to substitute rigid centralised economic and political control over market decisions".

It was time, said Gen Watson, that the EEC Commission "re-examined current plans and sought to redirect Community attention to the real problems: the effect of excessive central control of European agriculture and the continuing need to break down barriers to the free movement of goods in Europe and throughout the world".

In a consensus of views five public figures said that any advantages resulting from withdrawal from the Common Market, such as cheaper food prices and escape from the Common Agricultural Policy, would be short-term and ephemeral. There would be a number of disadvantages, headed by substantial losses of exports to the EEC, which was the UK's chief market.

They were asked to discuss the question of Britain's membership of the EEC in the latest issue of the Director, journal of the Institute of Directors.

Of the five—Sir Fred Catherwood, Mr Basil de Ferranti, Mr Michael Shanks, Mrs Shirley Williams and Baroness Elles—only Mr Shanks and Mrs Williams saw even short-term advantages in leaving the Market. The others saw no advantages.

Asked if there was an alternative strategy, short of withdrawal, that would be available to the Nine and to the UK, all thought Britain would be unlikely to get favourable trade links.

Labour challenging refusal to reappoint CEGB chief

BY RAY DAFTER, ENERGY EDITOR

MINISTERS are to be challenged to tell parliament on Monday why they refused to reappoint Mr Glyn England as chairman of the Central Electricity Generating Board.

Mr Arthur Palmer (Lab, Bristol North-East) has initiated an adjournment debate to obtain a "full explanation" of the Government's stance regarding Mr England's departure.

The debate—part of a growing political row—comes at a time when the Government is thought to be concluding arrangements for Mr England's successor. It is thought that Mr Nigel Lawson, Energy Secretary, will make an announcement within the next few weeks.

Mr Lawson has already hinted in parliament that the new chairman will be drawn from "outside the industry." Such a move would bring "fresh impetus" to making the electricity generating industry more efficient, he told MPs on Monday.

But the Opposition is still angry at the non-renewal of Mr England's £45,000-a-year appointment. Mr Merlyn Rees, Shadow Energy Minister, has described Mr England's departure as being "rather offensively handled."

It is expected that Mr David Mellor, Under-Secretary of State for Energy, will report on the reasons for Mr England's departure. It is thought that he will again repeat the Government's main point that the time had come for a change at the top.

The Government has been having difficulty finding a suitable replacement for Mr England. Reports in Whitehall suggest that energy ministers have returned to a candidate who initially turned down the job. In the meantime, Mr Fred Bonner, the board's deputy chairman, has assumed the post of acting chairman.

Receivers sceptical about De Lorean survival plan

BY JOHN GRIFFITHS

THE RECEIVERS of the De Lorean sports car company are viewing with scepticism the latest proposals for the company's rescue by Mr John De Lorean.

A few hours after H. J. Kalikow, a New York property company, announced two days ago that it was terminating negotiations to inject $35m (£19.7m) into the U.S. end of the car venture Mr De Lorean said a draft agreement under which new investors would put up $35m for both the U.S. and Belfast companies would be with the receivers by Thursday night.

Yesterday, Sir Kenneth Cork, joint receiver with Mr Paul Shewell confirmed he had received a telex on the subject from Mr De Lorean.

"But remember that we had the draft heads of an agreement from Mr De Lorean three weeks ago with Kalikow as the investor, and that has come to nothing. What we want to see now are some financial results—money actually on the table"

However, a statement the receivers planned to make yesterday to the 1,500 workers at the Belfast plant has been postponed until Monday.

At the time the Kalikow-based rescue attempt was first discussed, the Receivers said the plant would be kept operating until the end of May. There is understood to be mounting reluctance among UK Government officials to postpone a shutdown further. The Government is the preferred creditor of the Belfast company and has sunk £67m into the venture.

Mr De Lorean claims the latest proposals should satisfy the Receivers in that they provide for an immediate $8m-$10m working capital injection into the Belfast plant and for the new investors to assume the mortgage and debt servicing on it. H. J. Kalikow was prepared to finance only Mr De Lorean's U.S. sales company.

The investment would come, he said, from a Californian financial institution with the funds underwritten by a consortium of individuals "of great substance" from the U.S. motor industry.

Maori art not for Crown

MR GEORGE ORTIZ, a millionaire art collector, yesterday won the second round of a legal battle in his claim to own ancient Maori carvings worth £300,000.

The Appeal Court ruled that the Queen, as head of the New Zealand Government, was not entitled to possession of the carvings under that country's 1962 Historical Articles Act and its Customs Acts of 1913 and 1966, which were unenforceable in England.

The court allowed with costs, an appeal by Mr Ortiz, who is based in Switzerland, and Mr Lance Entwistle, a London art dealer who sold the carvings to Mr Ortiz in 1973 for $65,000 (now £36,100).

They had challenged a High Court judge's preliminary legal ruling that English courts could enforce the New Zealand laws.

Universities encouraged to sell services

UNIVERSITIES WERE given an official incentive yesterday to sell their services commercially.

They were told by Dr Edward Parkes, chairman of the University Grants Committee, that income raised in external markets would not be taken off their state grants.

He disclosed that a dozen of Britain's 42 universities have been granted small concessions in the cuts in grant income and in the numbers of full-time students from the UK and other EEC countries which the committee ordered last July.

The 12 are Bradford, Exeter, Hull, Kent, Nottingham, Salford, Southampton, Surrey, York, the Bangor college of the University of Wales, Stirling and Strathclyde.

The changes will raise the total of the full-time students in the 42 institutions in 1983-85 by only about 350, mainly in the sciences, to a little more than 249,000. ... ...

Dr Parkes confirmed that the 1982-83 grant for current spending by all universities, including the two in Northern Ireland, is to be £1.14bn. That includes more than £100m to compensate for loss of tuition fees that stem from less demand by foreign students.

The figure provisionally set for 1983-84 is about £1.18bn in cash, which is likely to represent a cut of 4.7 per cent in real terms. The Government's present plan is that, thereafter, expenditure on universities should be constant.

BL £5m test plan

BL is to bring on stream soon new facilities to test components and vehicles for reliability. It claims they will be among the largest and most modern in the motor industry. The £5m investment programme, now in its final stages, includes a new 100,000 sq ft facility to double-test capacity of chassis and electrical components on the outskirts of Birmingham. Computer-controlled rigs, which will double engine and transmission testing capacity, are also being installed as part of a plant modernisation at its Acocks Green site. The facilities have been developed by BL Technology, the state-owned company's research and development arm.

Anti-riot diversions

THE LABOUR - controlled South Yorkshire County Council is to spend £100,000 on a "fun and games" scheme for unemployed youngsters, in an attempt to prevent rioting this summer. It has lined-up a wide-ranging free programme of sport and rock concerts to keep young people out of trouble. Sheffield was the only big English city to avoid trouble last year, and councillors believe this was due partly to a similar programme of activities they hurriedly arranged. Mr Ray Thwaites, the council leader, said: "£100,000 is not a lot of money compared with the millions of pounds of riot damage it could save."

Scots press prizes

MR CHRIS BAUR of "The Scotsman" newspaper has been named Journalist of the Year, in the 1982 Fraser Scottish Press Awards, for a series of articles on the Royal Bank of Scotland takeover bids. Journalists on The Sunday Standard take several awards. They include Sally Magnusson (joint feature writer of the year), Tom James (specialist writer, and Ian Archer (sports journalist). Anne Simpson of the Glasgow Herald shares the feature writer award. Ken Smart of the Edinburgh Evening News is reporter of the Year. David Cameron of The Scotsman and Allan Massie of the Sunday Standard were respectively Campaigning Journalist and Critic of the Year

Vickers offer

A TRAINING school for engineering apprentices, opened by Vickers at Newcastle yesterday, will offer training places to other companies in the north-east. It will also be made available to young people sponsored by the Engineering Industry Training Board and the Manpower Services Commission. There are 70 trainees in the school, which has facilities to teach general machining, lathe-turning, fabrication, electrical engineering and fitting.

Engineering jobs go

REDUNDANCIES at the Aveling Barford engineering works at Grantham, Linc, will cost 125 jobs it was announced yesterday. This was the fourth batch of large-scale redundancies the company has announced in three years. A company spokesman said that the jobs would have to go if the company were to survive the recession.

Combex sackings

ANOTHER 55 workers are to lose their jobs at the Combex toy factory at Peterborough.

LABOUR

New health service pay action will hit patients, says Fowler

BY JOHN LLOYD, LABOUR EDITOR

PATIENTS would be put at risk by further industrial action in the National Health Service, said Mr Norman Fowler, the Health Secretary, yesterday.

Health service unions reported growing support from other unions for their action, particularly from the National Union of Mineworkers.

Mr Arthur Scargill, the mineworkers' president, will address the conference of the National Union of Public Employees in Scarborough on Monday, when he is expected to announce details of the miners' action.

In a statement Mr Fowler said that emergency cover was reported to have broken down in two areas on Wednesday during the 24-hour strike by health workers, and that "these incidents demonstrate clearly that the unions cannot always guarantee even the emergency cover they claim to provide under their own guidelines."

The Department of Health and Social Security said that the two areas were Leicester and Maidstone, where accident cover had been either sporadic or non-existent for short periods.

The Department said that it had reports of a fatal accident involving two motorcyclists in Maidstone. The victims were attended by police and St John Ambulance after a 20 minute delay.

While setting the reported accident in the context of the industrial action, the Department did not affirm a direct connection. It said that a full report of the incident had to wait until after an inquest.

Mr Fowler's statement admitted that the action had at least a limited success, though "uneven and varied."

"Industrial action has resulted in the cancellation of out-patient clinics and prevented people attending day hospital. This means that sick people whose doctors have referred them to hospital are not seeing the specialists and are not receiving the treatment they should have."

The National Union of Public Employees, the biggest health service union, has strengthened its links with the miners' area organisations.

In Yorkshire Nupe and NUM officials issued a statement after a meeting that miners would be "strongly urged" to support health service staff in the planned stoppages on June 4 and 8.

Pits will be "twinned" with the nearest hospitals, and will take action in concert.

Nupe expected similar support from other NUM areas, including Scotland, South Wales, Kent and Nottinghamshire.

Meetings are being arranged between health service unions and others at regional level.

Firemen's strike nearer over tough council line

BY PHILLIP BASSETT, LABOUR CORRESPONDENT

PROSPECTS of a national firemen's strike are growing as local authorities show signs of adopting tough attitudes towards the industrial action called from the end of the month by the Fire Brigades' Union.

The union has decided to answer emergency calls only from the day shift of Monday, May 31, unless progress is made on its dispute with the non-TUC-affiliated National Association of Fire Officers. The dispute concerns trade union representation of Britain's 5,000 fire officers.

This action could intensify quickly if local authorities respond with disciplinary measures. The FBU executive was instructed this week by its annual conference in Bridlington to call a series of one-day national strikes if any member's pay is stopped for answering emergency calls only.

Some FBU representatives are convinced that any dispute would intensify quickly. Local officials in Oxfordshire, for example, have had firm indications from their local authority employer that it intends to stop the pay of any firemen who take action.

Cambridgeshire is also thought to be ready to do this and FBU leaders believe that other authorities, such as Bedfordshire, which previously have taken firm positions in fire service disputes, will follow suit.

The Association of County Councils has made no recommendations to its constituent authorities on how to respond to the union's action and is leaving any measures up to individual councils.

Hopes for a solution to the dispute over union representation rests on an employers' meeting on Tuesday.

However, the Advisory Conciliation and Arbitration Service has become involved in the dispute, despite the fact that a previous Acas initiative was halted by the issuing of writs by the association. Senior Acas officials have put forward a proposal for a headcount of fire officers to determine which union they belong to and all sides are putting considerable hope in the plan's success.

Council staff reject offer of 5.2%

By Our Labour Staff

A PAY offer of 5.2 per cent to nearly 500,000 local authority white-collar staff has been rejected by the staff side of the Local Authority National Joint Council.

The National and Local Government Officers' Association, which represents about 95 per cent of white-collar staff, said the offer was unacceptable.

The proposed deal included a 39-hour-week arrangement for those staff which had still been working 40 hours.

Another meeting has been arranged for June 4.

The British Gas Corporation has made an offer ranging from 4 per cent to 6 per cent to its 60,000 white collar staff. The majority of staff are represented by the National Association of Local Government Officers and the rest by the staff section of the General and Municipal Workers Union.

Mr David Williams of the GMWU described the offer as "insulting." The offer amounts to 4 per cent for lower grades and 6 per cent for higher grades.

White-collar union calls for recruitment drive

BY OUR LABOUR STAFF

CONCERN ABOUT declining membership is expressed in motions before this month's conference of the white-collar Technical, Administrative and Supervisory Section of the Amalagmated Union of Engineering Workers.

The executive is urged to begin recruitment and amalgamation drives to counter the effects of unemployment on union strength.

There are calls for a campaign to recruit engineers from an academic background who often turn to staff associations for representation. One motion calls on the 200,000-strong section of the AUEW to move into the "rapidly deteriorating" software and microelectronic sectors of the economy "since these will be major potential growth areas for Tass membership in the 1980s and increasingly effective in bargaining strength."

Renewed calls are made for "One Union for Engineering" —an amalgamation between the AUEW and the affiliates. Attempts last year by the AUEW to amalgamate with the small foundry and construction sections failed after objections from Tass. An appeal will be heard on June 23.

Four motions back a campaign for a 35-hour week and a shorter working life and one from No 16 Division calls for industrial action to defend jobs.

A motion from No 5 Division calls for a campaign for legislation to control pension funds on the basis of each member having a vote on changes to schemes. There are four motions reaffirming Tass's support for the Campaign for Nuclear Disarmament and for unilateral disarmament. They call for affiliation to the CND.

A motion from No 26 Division calls for affiliation to the British Soviet Friendship Society.

Of the motions that will go before the full AUEW national conference, four call for the re-nationalisation of British Aerospace and a closer liaison between British Aerospace, Rolls-Royce and British Airways.

Three motions back the Labour Party's nationalisation plans. Another supports its constitutional changes of the past two years and condemns the "disgraceful veto of candidates by the NEC against the wishes of local parties and the preparation of the investigation into the Militant Tendency."

Other motions back "conversion" schemes for turning weapon manufacturing to civilian use and plans for regenerating London industry.

Weighell says NUR supports 'open' stations

By Our Labour Staff

MR SID WEIGHELL, general secretary of the National Union of Railwaymen, told a press conference in London yesterday his union was keen to develop the Continental-style "open" station to help improve efficiency on British Rail.

He remained adamant, however, that the NUR would not accept one-man operated trains, such as those BR wants to introduce on the new Bedford-St Pancras line. The line, which should have begun partial operation earlier this week, cost £150m to modernise.

Mr Weighell said stations on the line should be used as prototype open stations.

Seamen to seek tripled payment

SEAMEN VOTED yesterday to press for trebling of the medical severance and redundancy payment. Maximum payment for an able seaman is £6,900. He must have more than 30 years' service to qualify.

The National Union of Seamen's biennial conference at Tenby, Dyfed, decided that seamen should attempt to increase this so that it matched dockers' redundancy payments.

Top payment for dockers is £22,500.

High wages cut building trade apprenticeships

HIGH WAGES for building trade apprentices are forcing employers to take on fewer youngsters, Mr Malcolm Fordy, president of the National Federation of Building Trades Employers, said yesterday.

There could be a third fewer apprentice registrations this year than in 1980 he told the Midland region's annual meeting at Matlock Bath, Derbyshire.

The industry had been hit by the recession over the last two years, but he said: "I believe employers would do their utmost to step up apprentice recruitment if only early and effective action could be taken to contain the very high costs of providing those apprenticeships."

He said the federation had suggested to the construction unions, that the fixed percentage relationship between the pay of apprentices and craftsmen be ended, that apprentice wage scales and bonus levels set in 1981 should remain in force until June 27 next year, and that apprentice pay structures be simplified by establishing a single payment to all entrants after June 27 this year.

THE WEEK IN THE MARKETS

Slow puncture for the stock market

LONDON
ONLOOKER

This was the week when the equity bubble began to leak. *Starting on Monday* within hailing distance of 600, the FT 30-Share Index fel back until on Thursday evening it stood at 554.4, a drop of 6 per cent. It seems that there was again little action from institutional investors, who abstaned from buying while resisting the temptation to sell. Some overseas funds may have lightened their investment on the London market; most selling was probably done, however, by the smaller market operators.

Gilt-edged also lost ground through the week as sterling fell victim to accurate fears that negotiation in New York would give way to fighting in the South Atlantic. Easier money rates in New York helped sterling to firm against the dollar on Friday; combined with some closing of bear positions ahead of a notably uncertain weakend, that helped both leading equities and gilt-edged to recover slightly.

Whitbread trims

The market was pleasantly surprised by the full year figures from Whitbread this week. Despite th ecountry-wide pressure on beer volume, aggravated in Whitbread's case by some loss of market share, pre-tax *profits managed to climb* by 10 per cent to £72.2m Ahead of the figures most outside predictions were pitched around the £71m mark, with some as low as £68m.

Whitbread has been able to produce this encouraging performance, despite the shortfall in volume, because of lower interest costs and the benefits from a substantial rationalisation programme and trimming of costs. The extraordinary net debit of £8.3m below the line reflects the cost of reducing the workforce by around 1,500 heads in the last 12 months. But above the line that means a cost saving of around £10m for a full year.

On the trading front Whitbread has not had an easy time. Sales for the 12 months were just 8 per cent higher at £841.7m. Considering the 4p a pint duty increase from March 1981 that seems a low rate of growth and suggests that Whitbread's volume was probably a point or two worse than the industry decline—estimated at 8 per cent in the second half.

In part this must be a reflection of the company's earlier insistence on maintaining gross margins at the expense of volume. That attitude became a little less dogmatic in the closing half of the year with *Whitbread restraining prices* to pick up its lost share. This was partially successful, at least, though not enough to make up for the setback earlier in the year.

Whitbread is beginning to sound a bit more optimistic about beer sales in the current year. It sees the downward trend bottoming out —a view echoed by the stock market analysts who are looking for some modest revival. Yet in Whitbread's case the benefit of a *volume upswing may be* muted at the pre-tax level by the need further to reclaim its stake in the market place. That may mean holding back on prices and perhaps increasing the advertising budget. Still the City forecasters are already anticipating profits of £80m this year.

Industrial gas

*BOC has convinced a once-*sceptical world that industrial gases are a growth business, and it is certainly managing to produce figures that — if not quite up to the market's most optimistic expectations — look very good for the bottom of a recession. The welding and carbon graphite interests in the U.S. are making very little money, but health care products are booming, and BOC has come up with a strong rise in UK profits following the disposals and cost-cutting of the last couple of years.

Pre-tax profits for the six months to March are up a third *to £44.9m, after charging full* replacement cost depreciation (current cost profits are actually slightly higher). Even after adjusting for currency swings and the absence of last year's exceptional charges there is a solid increase of 10 per cent or more. The interest charge, covered only twice by trading profits not long ago, is now 2½ times covered.

The Australian and South African businesses are now *slowing down, and BOC may do* no more than mark time in its second half-year. But profits should still be above £100m for 1981-82 as a whole, there is plenty of scope for rapid progress when the U.S. picks up, and the dividead—raised by 12½ per cent at the interim stage—is very well covered on the most conservative accounting conventions.

Slower Unilever

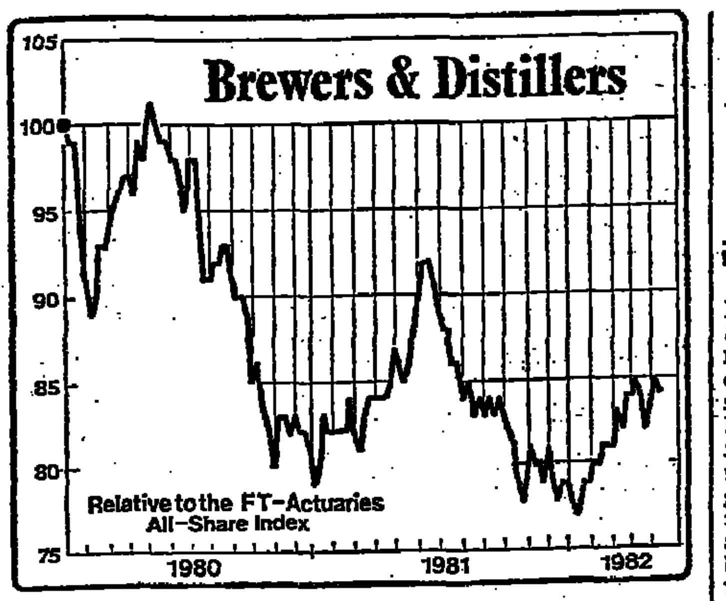
Unilever's exceptional earnings growth in 1981—when on the back of a good volume increased pre-tax profits jumped 24 per cent to over £709m—was not expected to be maintained in the current year. Even so the slim first quarter rise, from an exchange adjusted £171m to £172.5m before tax, announced *on Monday,* disappointed an over-optimistic market which clipped 10p off the shares to 610p. The advance does, however, look a little better if allowance is made for the extra week last time.

Sales edged up 5 per cent to *£3.03bn but considerable pres-*sure on consumer spending led to an underlying decline in trading performance. Operating profit emerged 2 per cent lower at £165.7m, compared with £168.8m, and a slowing in Nigeria was reflected in a £2m dip to £13m in the share of associates. This left only a sharp cut in interest charges from £13m to £7.1m, arising from a release of working capital and tighter cost control, to rescue the pre-tax result.

Below the line a smaller tax take, mainly because of stock relief, left the attributable surplus 12 per cent ahead at £87.5m. Stated earnings per share rose 13 per cent on a historic cost basis and an even greater 29 per cent in current cost terms.

The edible fats and detergents side in Europe slipped against the very strong gains made 12 months earlier, but there was little change in frozen products and other food and drinks, or in the industrial businesses.

Growth slowed in countries outside Europe and North *America but the contribution* from these regions was marginally better than in the previous first quarter. Consumer demand is still weakening in the U.S. and stagnant in Europe and as *Nigerian import restrictions* are likely to remain in force, the group must continue to look to other non-OECD countries for most of its progress. It may not be easy for Unilever to make over £750m this year.



Reinforced Shell

The first quarter of 1982 saw *a further weakening in the spot price of crude oil and, for most* of the period, a deterioration in product prices. The first quarter figures from most U.S. majors had already given clear evidence of the intense pressure on downstream margins when Royal Dutch/Shell an*nounced its results on* Wednesday.

On a reported basis, net profits fell from £549m to £414m but almost half of the previous period's earnings were accounted for by stock profits on the downstream operations. This time, there was a small stock loss, so the underlying trend was very much better, with net income rising from £295m to £459m.

The results of Shell Oil and Shell Canada benefited from currency gains on translation but the overall foreign exchange distortion has been substantially reduced by the adoption of the new FAS 52 U.S. accounting *standard.*

Above all, however, Shell has profited from an increasingly advantageous supply position. In the first quarter of last year, its average cost of crude was, on a rough and ready calculation, about $4 a barrel higher than that of the four U.S. Aramco partners which lift much of Saudi Arabia's crude oil. Elimination of the Aramco advantage has, if anything, now reduced *Shell's cost to below the average.* On top of that, its U.S. production is exceptionally low-cost and growing in volume.

Shell's historic cost disadvantage has obliged it to run *extremely efficient refining* and marketing operations, the full value of which is exposed in the latest figures. Excluding stock items, downstream divisions outside North America turned from a loss of £49m to a profit of £25m.

Shell has also maintained a tight rein on net working capital, which fell by about £50m in the quarter. This helped the group to finance capital spending of £903m out of cash flow in the quarter. At the end of the period, gross liquid funds totalled £3.3bn. Shell has established its defensive strengths at what may prove the nadir of the current oil price cycle. *Crude prices, along with spot* prices, have recently started to recover and Shell is not far from breaking even on its chemicals business.

Parent power

For years the F. W. Woolworth Company of the U.S. has relied upon its UK subsidiary for a ready stream of cash. Over-distribution by the UK *company and related lack of* investment have caught up with the group, and the dividend stream—funded in recent years increasingly out of property sales—has begun to dwindle. This week trouble-shooters arrived in force from the U.S. parent. Two new U.S. directors have been appointed, one of whom has already broken new ground by taking on executive functions and is slated to become chairman within a year.

So it seems as if the U.S. company has decided to hold on to its 52.6 per cent subsidiary, removing the last thoughts that UK shareholders might have nursed off profiting *by a disposal.* The U.S. company's record is scarcely inspiring, but signs of tough management—in the principal business—would surely go down well in the City.

INDEX PERFORMANCE DURING FALKLANDS CRISIS

	Change since		1982	
	Y'day	April 2	High	Low
F.T. Ind. Ord. Index	560.6	−10.4	590.9	518.1
Allied Breweries	89	+ 2	94½	66
BOC Int.	166	− 4	175	144
Beecham	264	+20	282	214
Blue Circle	458	− 4	550	438
Boots	224	− 4	239	193
Bowater	208	−34	263	202
BP	314	+18	324	274
Brown (J.)	55	− 2½	66	52½
Cadbury Schweppes	97	− 7	107	85
Courtaulds	86	− 2	96	73
Distillers	171	− 4	180	162
Dunlop	65	−10	77	63
GEC	875	+42	903	788
Glaxo	649	+103	690	418
Grand Met.	206	−10	233	177

	Change since		1982	
	Y'day	April 2	High	Low
GKN	158	− 1	186	150
Hawker Siddeley	312	+ 4	350	290
ICI	316	− 8	350	281
Imperial Group	93	− 5	100	68½
London Brick	99	+12	101	70
Lucas	186	−11	236	184
Marks & Spencer	155	—	165	125
P. & O. Dfd.	141	+ 4	153	124
Plessey	417	+32	437	345
Tate & Lyle	184	−22	220	182
Thorn EMI	426	−16	485	415
Tube Invs.	140	+ 6	158	116
Turner & Newall	61	− 2	108	58
UDS	60	−19	80	54
Vickers	146	−11	171	139
F.T.A. All-Share	325.11	− 4.49	338.53	306.22

A financial scandal

NEW YORK
RICHARD LAMBERT

FOR 48 HOURS this week, Wall Street held its breath as a major financial scandal erupted out of nowhere and threatened serious damage to a number of leading institutions. For a time, it looked as if some well-known securities firms might actually go out of business. In the end, the crisis simmered down almost as quickly as it had blown up—but it has left in its trail some furrowed brows at the Federal Reserve Board and a badly *tarnished image* at the Chase Manhattan Bank.

The first sign of trouble came late on Monday, when bond prices weakened sharply and knocked back an already *groggy equity market.* The Dow Jones Industrial Average fell more than 12 points on the day, its steepest decline in nearly three months.

Then on Tuesday morning came a terse *statement from the Chase Manhattan. A firm* of bond dealers—which later turned out to be a small and recently formed outfit called Drysdale Government Securities —had failed to pay the bank $160m in interest owed on government securities which it had borrowed. The Chase in turn was not going to pay the interest on to the ultimate owners of the securities—some of Wall Street's best known securities firms. It had only acted as an agent in the transactions, the bank claimed.

This statement threw the financial community into an uproar. Firms like Merrill Lynch and Goldman Sachs made it absolutely clear that in their view Chase had been acting as a principal in the affair, and that it owed them money. The Federal Reserve Board was forced to inject large sums into *the markets in an attempt to* calm things down, and it publicly announced that it stood ready as a lender of last resort.

Next day, Chase said it would pay out the interest after all. Manufacturers Hanover and U.S. Trust, both of which had a much smaller exposure to the defaulting firm, had already taken similar steps. Chase said it would also take on the task of liquidating Drysdale's bond book—estimated at an enormous $4.5bn. The whole affair would bring it an after tax loss of $135m, rather more than its net income in the first quarter of this year.

It is still not clear just how Drysdale lost all that money. It appears to have taken an enormous flyer on the movement in interest rates—and lost out. But the big unanswered question is about how Chase got itself into a position where it could be so badly hurt by a firm with capital backing of only about $30m. "How does an *ant trip up an elephant?*" one analyst asked yesterday.

For the bank, the financial loss is matched by less tangible but still serious damage to its status and *reputation.* Predictably, its shares took a savage beating in the first four days of the week, when they fell by more than $8 to $44¾.

Mr George Salem, an anlyst with Bache Halsey Stuart Shields, has revised his current year earnings forecast for Chase down from a fully diluted $12.25 a share to around $9, and has pencilled in around $13 for 1983.

The crisis has blurred trends in the credit markets, with the Federal Reserve pouring funds into the banking network to calm the market's nerves. One noticeable feature was a rush by investors into short dated Treasury Bills—a traditional safe harbour in troubled times. Rates on 13-week bills dropped roughly half a point on Thursday, having already fallen sharply the day before.

Equities continued to drift lower for much of the week, and by Thursday night the Dow had fallen over 36 points from its high spot in early May. That meant the index had given back about half the rally which had zipped it up from under 800 at the beginning of March. Trading volume has been noticeably quiet in recent days, and the institutions seem to be staying on the *sidelines.* But *the Falklands crisis has* been casting a lengthening shadow over the market, and there have also been growing fears about the outlook for a number of major U.S. companies.

Thus on Thursday, shares in International Harvester suddenly slumped by almost a third to just $3¾. The company promptly denied the widespread rumour that it was about to file for protection under the bankruptcy laws. *But it also* revealed that losses in the second quarter had knocked about a fifth off its sadly depleted net worth.

MONDAY	845.32	−12.46
TUESDAY	840.85	− 4.47
WEDNESDAY	835.90	− 4.95
THURSDAY	832.48	− 3.42

An industry in the land of Wait-and-See

MINING
GEORGE MILLING-STANLEY

"SELL in May and go away." runs the old Stock Exchange saying and for holders of mining shares, at least, the advice must be very tempting. Nobody knows quite what to make of the gold price at the moment and base metal markets remain in the doldrums. Most non-ferrous metal producing companies are losing money and sharemarkets are uninspiring.

In short, "there's nothing to go for," as they say. There will be, of course, when the first signs of economic recovery make their impact on base metal prices against the background of severe production cuts and *relatively modest stocks.*

For the time being, however, it is just a case of wait-and-see for holders of good class mining stocks who do not want to sell at current prices and who cannot just go away, much as they would like to. The same applies to the companies which have to continue to plan for the longer term.

A case in point is CRA, the *Rio Tinto-Zinc group's* 57.2 per cent-owned Australian arm. Undeterred by the expectation of a first half loss, CRA is setting about arranging borrowings of some A$800m (£470m). Half of this will go towards boosting working capital and the remainder will be used to finance big coal and diamond projects.

This week it has been reported that CRA has now arranged multi-currency loan facilities, equal to A$257.5m, for the development of its Tarong coal project in Queensland. The latter has a contract to supply 66m tonnes of coal to the state power station there over 16 years from July 1984.

Yesterday came news that CRA had arranged a further borrowing, this time with 12 Japanese banks and covering a $175m (£97.4m) Euro-currency *facility running for seven years.* It may be used for the A$500m Blair Athol coal project in Queensland which is a joint venture with Japanese coal customers.

The Japanese have a stake of 10 per cent in Blair Athol and America's Arco Coal has some 15 per cent. Production of steaming coal is scheduled to start in 1984 at an annual rate of around 3m tonnes, this rising to 5m tonnes from 1986 onwards.

Japanese customers have agreed to take 72m tonnes over the first 15 years at a total cost of some A$3bn.

Another Australian major, Western Mining, also has financing thoughts in mind and they could present a problem. They arise from the fact that Esso has decided to pull out of *its 15 per cent stake in Western* Mining's controversial Yeelirrie uranium project in Western Australia.

The reason for this is simply that Esso feels that Yeelirrie will not be a sufficient paying proposition in view of the likelihood that the market for uranium will remain depressed for quite a few years yet.

The company will honour its agreement to provide 80 per cent of the estimated A$24m cost of the first stage of development of Yeelirrie.

But Western Mining will still need a new partner for the project which will cost about A$324m in all, especially as the third partner, West Germany's *Urangesellschaft* with 10 per cent is also having second thoughts.

Nor are matters being helped by the Australian trades unions' policy of trying to stop all new mining, milling and export of uranium. *Finding a new part-*ner on the right terms may not be easy for Western Mining although the latter's chairman, Sir Arvi Parbo, has said that active discussions are taking place with a number of candidates.

For years Western Mining has been regarded as one of the finest mining investments in Australia, if not the world, because of the company's excellent exploration record and good management. These assets remain but, so too, does the company's present large exposure to the fortunes of an uncertain market for nickel.

At this stage of the game quite a few mining investment analysts are taking the view that there are more attractive investments Down-Under. There is a good deal of logic to support this conclusion.

But logic doesn't always make money—remember how Selection Trust were always regarded as being too dear until the British Petroleum bid *boosted the share price by 50* per cent overnight?—and Western Mining shares, with their Australian following, won't linger when the rest of the field moves ahead again.

Of more concern is the continuing rather negative attitude to mining within Australia. Some politicians and trades union people there still regard the industry as a milch cow and will act accordingly whenever the opportunity arises.

A painful reminder of this comes with the news that at a time when coal producers throughout the world are expanding and making good money BP's Clutha Development is to close two of its eight coal mines in New South Wales, reduce production at a third property and back-pedal on capital spending.

Operating losses have resulted from several factors, these including widespread *industrial* disruption and consequent delays in coal shipments, governmental financial demands and high wage costs. On top of this the Japanese, which are Clutha's major customers, have switched buying orders to more reliable suppliers in Canada and the U.S.

In South Africa, on the other hand, the Anglo American Corporation group's giant Anglo *American Coal Corporation* (Amcoal) continues to go from strength to strength. Having changed its financial year-end from December 31 to March 31, in order to match that of its parent, Amcoal has reported earnings of R131.3m (£68m) for the 15 months to March 31 last.

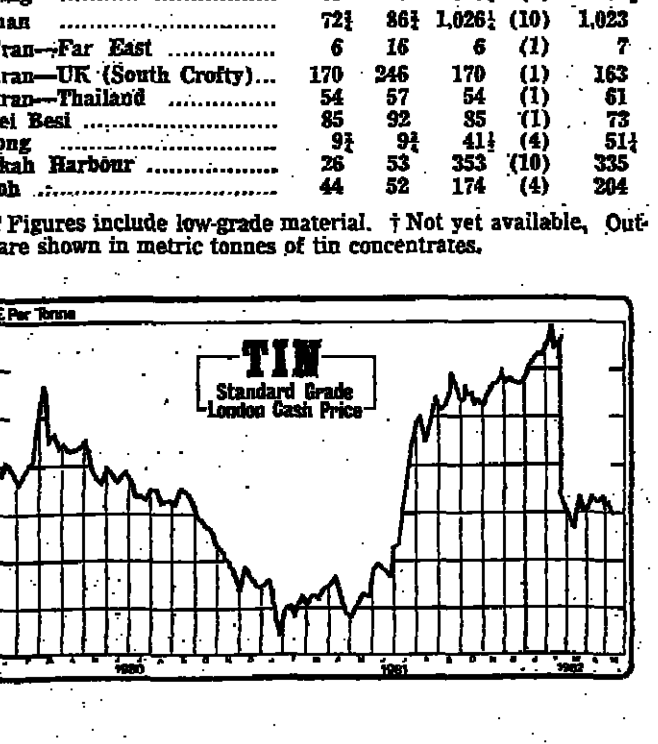
Worked out on an annual basis and allowing for tax accounting changes this reflects an increase of 47.8 per cent. In order to cover the longer accounting period, shareholders get a final dividend of 95 cents (49p) which makes a total of 166 cents compared with 108 cents for the 12 months to December 31 1980.

Although the cream on profits comes from coal exports, Amcoal has the firm basis of big long term contracts to supply South African power *stations.* And *this, in a country* which understands and has a sympathetic attitude to its important mining industry, is reflected in Amcoal's confidence in facing a group expansion programme of an awesome R1.85bn (£958m) in 1981 money terms.

TIN OUTPUTS COMPARED

	April 1982 tonnes	March 1982 tonnes	Total to date tonnes	(months)	Same period previous year tonnes
Amal of Nigeria (tin)	†	140	1,668	(12)	1,682
Amal of Nigeria (columbite)	†	†	90	(10)	189
Aokam	106	119	1,106	(10)	1,007
Ayer Hitam	123	112	1,444	(10)	1,122
Berjuntai	260	260	3,513	(12)	3,343
CRM Sri Timah	46	33	202½	(4)	219½
Geevor*	113	133	113	(1)	108
Gold and Base (tin)	†	17	49	(3)	51
Gopeng	159½	165¼	1,058¾	(7)	899¼
Kamunting	15	17	15	(1)	10
Kinta Kellas	34¾	40	34¾	(1)	37
Malayan	738	756	7,068	(10)	5,346
Pahang	90	92	818	(9)	957
Petaling	79	79	528¼	(6)	533½
Rahman	72¾	86¾	1,026¼	(10)	1,023
St Piran—Far East	6	16	6	(1)	7
St Piran—UK (South Crofty)	170	246	170	(1)	163
St Piran—Thailand	54	57	54	(1)	61
Sungei Besi	85	92	85	(1)	73
Tanjong	9¾	9¾	41¼	(4)	51½
Tongkah Harbour	26	53	353	(10)	335
Trenoh	44	52	174	(4)	204

* Figures include low-grade material. † Not yet available. Outputs are shown in metric tonnes of tin concentrates.



UNIT TRUST OFFERS

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Tyndall & Co.	6
Vanbrugh Currency Fund Ltd.	7

YOUR SAVINGS AND INVESTMENTS 1

Joint accounts and survivors

FINANCE AND THE FAMILY

BY OUR LEGAL STAFF

Could you clarify the situation for me regarding "Joint Accounts" in banks, building societies etc., if one of the joint account owners should die?

1 Does the survivor keep the total balances in all accounts?
2 Are these accounts considered part of the Estate of the deceased?
3 Could anyone dispute the legality of these accounts?
4 Finally could the living spouse of the deceased claim *against any of the* joint accounts? (There is in this case a 35-year-old Deed of Maintenance, in force now.)

1 Yes.
2 No. But half the value of the account is deemed to have been vested in the deceased for Inland Revenue purposes.
3 No. *However it can be argued* that the nature of the account was such that the whole beneficial interest in it belonged to one, not both, of the account holders — that is a question of fact in each case.
4 Not unless it could be shown that the whole beneficial interest was vested in the deceased, in which case the survivor holds all money in the account on trust for the deceased's estate.

Supports for a garden

Some years ago our neighbours built a *trench alongside* the fence between our property, which is above his, and his property. As a result, the fence has now broken down and our garden is slowly moving into his. What, please, is the legal position?

In so far as your garden loses *support because of the trench,* you have a right in law to require your neighbour to restore that support—but only *for the land itself, not for the* fence or any building on the land. You *cannot* require the fence to be rebuilt unless your *conveyance contains a direct* covenant by your neighbour *that he will maintain the fence.*

Non residents and CGT

About 20 years ago a friend of mine died intestate in the UK leaving a small house. I was appointed by the High Court of Justice as administrator of the estate. The deceased was not British but lived in the UK for about *five years and his parents* and relatives were neither British nor residents of this country. Recently I was instructed to sell the house by his mother (his father in the meantime died), and so I did. Could you please let me know *whether* CGT should be paid irrespective of the fact that the beneficiaries (i.e. the parents) are not British subjects and were never residents of this country?

If you sold the house in your capacity as administrator of your late friend's English estate, the 30 per cent CGT is payable on the whole of the time-apportioned gain from Budget Day 1965 (subject to one month's indexation allowance, if the sale contract was made after April 5). It appears unlikely to be advantageous to elect for valuation as Budget Day 1965, from the bare facts given.

On the other hand, if the house had formally vested in your friend's mother (or in his parents jointly, before his father's death), so that you sold as bare trustee for his mother (or for his mother and his *father's personal representa*tives, as tenants in common), then there should be no CGT liability.

You should seek the guidance of the solicitor who acted for you in the sale of the house.

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

A shorthold tenancy

With reference to your reply *under Outside the Rent Act* (March 27), will the rent in the case of a *shorthold* tenancy need to be registered?

In the Greater London area it is necessary to have a fair rent registered or to have *obtained* a certificate of fair rent and *made (and not withdrawn)* an application for registration of a fair rent before the letting is effected. Outside Greater London the position is different after November 30, 1981, and it is no longer necessary to make such an application before letting. Either party is free to apply for registration during the tenancy; and where the *premises have* been the subject of a registration under a previous tenancy that registration will still apply to limit the rent recoverable for the premises.

Total loss of a house

My house (owned jointly by my wife and self) is index linked insured for, at the time of writing, £33,000 and the contents for £8,000. What is the *position regarding* the total destruction of both by fire? Would I be entitled to a payment of £41,000 from the insurers or a direct cash payment?—in which case I could purchase another house in possibly some other area/district and sell the derelict building plot as it stands ie complete with the debris, as a building plot? Would Town and Country Planning Authority require one to remove the debris? What other costs do you feel I *would be required to pay until* the plot is sold—and to whom *and for what purpose?*

You would be entitled to be paid the full cash sum of £41,000 if the two elements making up the insurance were the full value respectively of the house and contents. Otherwise your claim might be reduced by "average." The plot itself is not insured and you would be free to sell it and move elsewhere. Technically the insurers could require that the remains of the fabric and any damaged items in the contents be delivered up to them—but is unlikely that they would do so on a total loss. The planning authority cannot require you to take down any dangerous structure. Other costs which may be *incurred would depend on the* nature of the origin of the fire; liability in negligence could arise, particularly if neighbouring property were damaged. You should note however that under an old statute—the Fires Prevention (Metropolis) Act 1774—the insurers can in certain circumstances insist on the rebuilding of the house.

Cost of EEC court hearing

We have received the following from the Head of the Information Office of the European Court in Luxembourg.

In an item published under the heading "Finance and the Family" on April 24, your legal staff advised that where a *reference* is made by a County Court to the European Court" the person making the reference to the European Court would normally have to bear his or her own costs." This is incorrect.

The practice in such cases is for the European Court to decide as follows:

"As these proceedings are, in so far as the parties to the *main proceedings are concerned*, in the nature of a step in the proceedings pending the decision as to costs is a matter for that court."

In the County Court, the normal rule is that costs follow the cause. Accordingly, a successful party could (in the absence of special circumstances) expect to receive an award of costs in his favour, whether he had asked for the reference or not.

"*The person making the reference*" is not one of the parties to the *County* Court proceedings, but the County Court judge. It would be a bit hard if he or she had to bear the costs!

BUILDING SOCIETY RATES

	Deposit rate %	Share accounts %	Sub'pn shares %	*Term shares %	
Abbey National	8.50	8.75	10.00	10.75	6 years sixty plus. 10.25 1 year *high option*, 9.25-10.75 1-5 years open bondshares
Aid to Thrift	9.55	9.80	—	—	
Alliance	8.50	8.75	10.00	10.75	5 y., 10.25 4 y., 10.25 £500 min. 2 m not. or *£100+60 d.* int. pen.
Anglia	8.50	8.75	10.00	10.75	6 y., 3 m. not.; 3 y., 2 m. not. 10.25 1 mth's. not. *all* int. loss
Bradford and Bingley	8.25	8.75	10.00	9.75	1 month's notice
Bridgwater	8.50	8.75	10.25	10.75	5 years, 9.85 2½ years
Bristol Economic	8.50	8.75	10.00	9.50	3 months' notice and 9.75 on balances of £10,000 and over, Escalator. shs. 9.25-10.75 (1-5 y.)
Britannia	8.50	8.75	10.00	10.25	4 yrs., 10.00 2 months' notice
Burnley	8.50	8.75	10.00	10.75	5 yrs., 3 mth. not.; 9.75 1 m. not.
Cardiff	8.50	‡9.25	10.25	9.50	on bal.: £3,000-10,000; ‡ to £3,000
Cardiff	—	10.00	—	—	£10,000 and over
Catholic	10.00	9.00	10.00	9.25	on share balances of £5,001+
Chelsea	8.50	8.75	10.00	10.00	1 mth. or on demand (int. pen.)
Cheltenham and Gloucester	8.50	8.75	10.00	—	
Cheltenham and Gloucester	—	9.75	—	—	*Gold Account. Savings of £1,000 or more (8.75 otherwise)*
City of London (The)	*8.75*	*9.10*	*10.25*	*10.25*	*Capital City shs. 4 mths.' notice*
Coventry Economic	8.50	8.75	10.25	10.50	4 yrs., 10.25 3 yrs., 10.00 3 mths.
Derbyshire	*8.50*	*8.75*	*10.00*	*9.25-9.85*	*(3 months' notice)*
Ealing and Acton	8.50	9.25	—	9.90	2 yrs., £2,000 min.
Gateway	*8.50*	*8.75*	*10.00*	*10.75*	*2 yrs., 2 mths.' not. int. loss*
Gateway	—	9.75	—	—	Plus a/c £500 min. Int. ½-yearly
Greenwich	—	8.85	10.10	10.85	5 yrs., 10.10 3 months' notice
Guardian	8.50	9.00	—	10.75	6 mth., 10.25 3 mth., £1,000 min.
Halifax	8.50	8.75	10.00	10.75	5 yrs., 3 mths.' wdl. notice
Heart of England	8.50	8.75	10.00	—	3 mths.' notice 9.75, 5 yrs. 10.75
Hearts of Oak and Enfield	8.50	9.00	10.50	10.75	5 yrs., 10.25 6 mth., 10.00 4 mth.
Hendon	9.00	9.75	—	10.50	6 mths., 10.25 3 mths.
Lambeth	8.50	9.00	10.50	11.00	5 yrs., 10.75 6 months' notice
Leamington Spa	8.60	8.85	11.93	10.35	1 year
Leeds and Holbeck	8.50	8.75	10.50	10.75	5 yrs., 9.75 1 mth. int. penalty
Leeds Permanent	8.50	8.75	10.00	10.75	3 yrs., E.I. a/c £500 min. 9.75
Leicester	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 mths.
Liverpool	8.50	8.75	10.05	9.75	*min. £1,000, 3 yrs.*
London Grosvenor	8.00	9.25	11.00	9.75	3 mths.' notice 1 mth. int. pen.
Mornington	*9.30*	*9.80*	—	—	
National Counties	8.75	9.05	10.05	9.75	35 days' notice min. dep. £500, *10.15 6 mths.'* min. dep. £500
Nationwide	8.50	8.75	10.00	10.75	5 yrs., £500 min. 90 days' notice. Bonus a/c 9.75 £1,000 min., 28 days' notice
Newcastle	8.50	8.75	10.00	10.75	4 yrs., 9.75 2 mths.' notice, or on demand 28 days' int. penalty
New Cross	9.50	9.75	—	9.75-10.50	on share accs., depending on min. balance over 6 months
Northern Rock	8.50	8.75	10.00	10.75	5 yrs., 10.25 4 yrs., 9.75 3 yrs.
Norwich	9.50	9.75	11.25	10.75	3 yrs., 10.50 2 yrs.
Paddington	8.25	9.25	10.75	10.25	Loss 1 month int. on sums wdn.
Peckham Mutual	8.50	9.50	—	10.00	2 y., 10.5 3 y., 11.0 4 y., 9.75 Bns.
Portsmouth	8.85	9.05	10.55	11.10	(5 yrs.) to 10.50 (6 mths.)
Property Owners	9.75	10.25	11.75	11.75	4 yrs., 11.75 6 mth., 11.05 3 mth.
Provincial	8.50	8.75	10.00	10.75	3 yrs., 9.75 1 month
Skipton	8.50	8.75	10.00	9.85-10.00	28 days' interest penalty
Sussex County	8.75	9.00	11.25	10.00	2 yrs. (early withdrawal option)
Sussex Mutual	8.75	9.25	10.75	9.50-10.75	all with special options
Town and Country	8.50	8.75	10.00	11.00	5 yr., 10.75 3 yr. 60 d. wdl. not., *10 2 mth. not./28 days' int. loss*
Wessex	8.75	9.80	—	—	
Woolwich	8.50	8.75	10.00	10.75	90 days (int. loss), 9.75 *immed.* access (int. loss) or 28 dys.' not.
Yorkshire (formerly Huddersfield & Bradford and West Yorkshire)	8.50	8.75	10.00	10.25	5 yrs., *10.25 4 yrs., 9.75 3 yrs.,* 9.25 2 yrs., 10.00 Golden key 28 days' *penalty interest*

* Rates normally variable in line with changes in ordinary share rates.

All these rates are after basic rate tax liability has been settled on behalf of the investor.

A tale of two watchdogs . . .

INSURANCE

ERIC SHORT

LAST YEAR saw the establishment of two quite separate systems of handling complaints from the public concerning their insurance—the Insurance Ombudsman Bureau (IOB) and the Personal Insurances Arbitration Scheme (PIAS).

Each system was brought in being by two quite *different* groups of insurance companies. *Though the aims of each system* are the same—the settling of disputes between the consumer and his insurance company—the methods by which each system tries to reach these aims have certain differences.

The complaints made to the IOB are dealt with by the Insurance Ombudsman, the first and present holder of this office being *Mr James Haswell*, a lawyer. He regards his function as the wider role of an adjudicator rather than as an arbitrator. His decision will be based not only on the policy conditions but on good practice of the insurance industry. The insurance companies have agreed to accept the Ombudsman's decision up to £100,000, while the *consumer retains his rights to* go to the courts.

The consumer in using the IOB service simply writes to the bureau setting out his complaint. The Ombudsman under his terms of reference cannot formally investigate a complaint until the consumer has taken his case to the top management of his insurance company. In practice, the IOB will advise the complainant who to contact and how to set out his complaint.

Indeed, the IOB has become as much an information and advisory body as an investigation service. Many persons contacting the bureau need independent advice and reassurance that their treatment from the insurance company has been fair and reasonable.

Finally, the IOB handles both non-life and life complaints *though there are severe restrictions* on the powers of the Ombudsman to deal with life complaints. The vast majority of complaints received relate to non-life queries, with motor policies predominant.

In contrast the PIAS is a more formal system. If the *dispute cannot be resolved between* the policyholder and the insurance company, then the complaint is taken to an arbitrator appointed by the Chartered Institute of Arbitrators. A decision will be based solely on the policy document and under the 1979 Arbitration Act is binding on both the consumer and the insurance company.

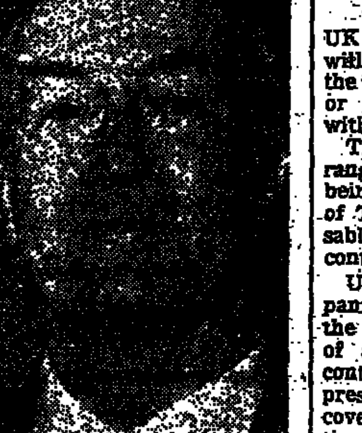
Application has to be made on the prescribed form and has to have the signature of both the policyholder and the insurance company. In theory, the insurance company can refuse to go to arbitration by withholding its signature. In practice all members of the PIAS have said that they will not use this power.

Finally, the companies in PIAS have not yet found a means of handling life insurance complaints and the service is only *available* to non-life complaints, though a system for *dealing with life policies is still* being sought.

On the face of it, the IOB is the preferred system and it is *a great pity that two separate* systems were allowed to be set up. It presumably is a case of freedom of choice for the insurance companies. One feels that the British Insurance Association ought to be able to devise a standard complaints system.

Meanwhile, the two systems seem to be polarising rapidly, so there is not much time left for the BIA to intervene, if it *has the will to act.*

However, at least policy*holders of any particular insur*ance company will either deal *with one system or the other* or none at all. But policyholders with the TSB Trust company, the insurance arm of the Trustee Savings Banks, will shortly find themselves in the illogical position of dealing with both systems.



Mr James Haswell

The TSB Trust Company underwrites its life contracts and has applied to join the IOB. So if a policyholder has a complaint concerning a life policy he applies to the IOB. But TSB's *household policies* are underwritten by Provincial Life which is a member of PIAS. So a policyholder with a complaint on his household policy goes to the arbitration service.

Many life companies have indicated that they will join the IOB once two features are resolved. First, they want the Ombudsman's powers to deal with life complaints to be clearly defined. Secondly *they* want a fairer system of charg*ing the companies so* that life companies would not be effectively paying for much of the cost of dealing with non-life queries.

The Life Offices Association held its first meeting with the bureau last week to discuss these points. But there seems little doubt that they will be met. It is unfortunate that they were not considered earlier.

Changing the rules

UK LINKED-LIFE companies will shortly be able to invest in the Unlisted Securities Market, or managed currency funds without having to go offshore.

These are just two of the new range of *investments that are* being added by the Department *of Trade to the list of permis*sable investments to which life contracts may be linked.

Under the Insurance Companies Acts and Regulations, the DoT lays down the types of assets to which linked-life contracts can be linked. The present list is comprehensive covering UK and overseas equities, properties, Government *and other securities, UK and overseas,* bank deposits and so on.

This first revision, which comes into effect on June 1, 1982, contain several extensions, some important and some very minor, as follows:—

● Securities traded on the unlisted securities market of the Stock Exchange and on the U.S. over-the-counter market regulated by the National Association *of Securities Dealers.*

● Securities of the governments *of the U.S. and Canada or of any* U.S. State or Canadian province.

● Land in Greece.

● Securities traded on the Kuala Lumpa and Singapore stock exchanges.

● Loans to building societies designated under the House Purchase and Housing Act 1959.

● Cash in any currency and *loans in any currency to a wider* range of specified banks.

Linked life *companies, how*ever, are not going to rush out and offer on-shore cash funds, USM funds or even U.S. bond funds to add to their range of funds to which life contracts can be linked.

Instead the life companies will be able to extend the investment coverage of their existing funds. The ability to invest in the USM market *will* offer UK equity funds the opportunity to pick future growth stocks at a very early stage. Investment in the U.S. *bond market* will widen the investment range of fixed *interest funds. International* equity funds now have a wider *geographical spread.*

Conventional life companies marketing traditional life contracts have no direct investment restrictions placed on their life funds. In theory, they can invest in everything, but in practice are constrained by the need to match their assets with their *liabilities. Regulations impose* a minimum of 80 per cent matching sterling liabilities with sterling assets.

One notable development by linked life *companies in recent* months has been the launch of currency funds from such offshore centres as the Channel *Islands.* A number of companies have already launched their currency *funds,* and there are several others in the pipeline.

This relaxation has possibly come too late to reverse this trend towards domination by offshore funds, and life companies are still very uncertain as to the practicability of running an onshore currency fund.

The major investment avenues still barred to linked-life companies are direct investment in metals and commodities and financial futures—understandable in view of the pricing uncertainties of these markets. But the DoT makes no attempt to control offshore life companies marketing such funds in the UK.

UK life companies would like the DoT to allow some relaxation in its requirements by permitting investment in such areas up to a low percentage (say 7½ per cent) of the overall fund.

Eric Short

YOUR SAVINGS AND INVESTMENTS 2

Paul Taylor reports on free banking

Big Four and the Co-op in a new High Street battle

AMONG A spate of dramatic announcements from the High Street banks over the past 10 days Barclays' decision to raise the minimum amount which customers need to keep in their accounts to qualify for free banking from June 1 went almost unnoticed.

So much so that the Manchester-based Co-operative Bank —itself the centre of controversy following its announcement on Tuesday that it is teaming up with Abbey National Building Society to provide facilities for an interest bearing cheque account—was prompted to accuse Barclays of "stage management."

The Co-op accused Barclays of trying to distract attention away from its new bank charges by announcing its plan to restart Saturday morning banking. Barclays responded by accusing the Co-op of making a statement "tinged with desperation".

Behind this hubbub of activity, into which National Westminster plunged by announcing 100 per cent mortgages and Lloyds by saying that it is moving into the estate agency business, remains the vexed question of bank charges and interest on current accounts.

Both the introduction in January by the Co-op of its own interest-bearing current account and Abbey's move this week are bound to intensify the pressure on the other banks to introduce interest on current accounts.

The major banks have attempted to keep the issue of account charges in the background, emphasising — as Barclays did—that the majority of bank customers (in Barclays' case 63 per cent of its 5.2m account holders) still do not pay any bank charges.

Nevertheless this is little comfort for those whose accounts do fall below the minimum balance needed for free banking. By increasing the minimum free banking level by £50 to £100 Barclays is reversing a move made in June 1980 in the face of fierce banking charges competition.

The bank's new scale of charges is now more in line with the other major High Sstreet banks but it leaves National Westminster alone among the big four maintaining a £50 free banking limit. Those customers whose accounts regularly fall below the £50 or £100 limit but who always remain in credit may well be encouraged to examine the free banking services offered by some of the smaller banks and National Giro.

The basic system operated by the banks for determining whether charges are due on a customer's account is complex. If a customer fails to keep the minimum amount in his account for a single day during the charging period—usually three months—then charges may be levied.

> 'There is little comfort for those whose accounts fall below the minimum balance needed for free banking'

Three factors then come into operation. First: the level of charges for different forms of debit; second: the notional interest rate—which determines how much the bank allows against charges when the average balance over the charging period is above zero but has fallen below the free banking limit; third: the amount in charges waived by the bank.

There is a wide variation between the banks in all three areas. Most banks charge more for manual debits such as cheques than for automated items like direct debits or cash machine advances. Barclays, in setting its new scale of charges, has drawn particular attention to the relative cost savings, to both bank and customer, of direct debits by reducing the charge for direct debits from 17½p to 10p "to encourage their use."

Having totted up the bill for individual transactions a bank then assesses the notional interest allowance. Here again there are significant variations between banks.

Both Lloyds and National Westminster fix the notional interest rate allowance at 1 per cent below seven day deposit rates—now 10¼ per cent—while Midland sets its rate from time to time and Barclays, under its new scale of charges has fixed the rate at 5 per cent for a year.

The relative advantages of each system for the customer depend on the course of interest rates. If interest rates continue to fall, however, more bank customers will find themselves paying charges.

The next stage is for the bank to subtract the notional interest allowance from the debit bill. If the result is still positive the customer may be liable for bank charges.

However most banks still do not charge their customers provided the final bill is less than a fixed amount, usually 25p. In these cases the charges are waived. Barclays' customers will benefit from this element in its new scale which waives charges if they total less than £1—second only to the Co-op Bank which does not debit customers for charges totalling less than £1.50.

Customers who find a bank charge debit item on their statement after this complicated procedure will probably still feel indignant.

The banks' response is that they cannot afford to bear the full cost of customer services. For example Barclays says its new charges will cover about 18 per cent of the cost involved, against 12 per cent before the new scale is introduced.

The cost of clearing cheques is particularly expensive and most of the major banks estimate it at between 40p and 50p a transaction. However it is thought that the Co-op Bank, aided by a relatively new automated clearing centre in London, is probably able to reduce the cost per cheque to around 20p. This explains why the bank is able to offer cheque clearing facilities to the Abbey, which will pick up the bill but still pay interest on the cheque account, albeit at a lower rate than for normal building society savings accounts.

BANK CHARGES ON PERSONAL CURRENT ACCOUNTS

Bank	Min. balance for free banking £	Manual debit entry (p) [e.g. cheques]	Automated debit Automated entry (p)	Notional Interest Allowance (per cent)	Charges period	Minimum payment waived
Barclays	100	20	10§	5	3 monthly	£1
Lloyds	100	20	15*	9¼*	3 monthly*	25p
Midland	100	20	15	7	3 monthly	25p
National Westminster	50	20	12	9¼	3 monthly	25p
Williams & Glyn's	Nil	20	10†	†	3 monthly	25p
Co-operative	Nil	20	20	None	3 monthly	£1.50
TSB†	50	15	15	None	6 monthly	60p
Yorkshire	Nil	18	18	8¼	3 monthly	25p
National Giro	Nil	30‡	—	None	‖	30p
Bank of Scotland	50	15	10	7½	monthly	30p
Clydesdale	Nil	14	10	6	3 monthly	25p
Royal Bank of Scotland	50	17**	12	8	3 monthly	25p

§ Direct Debits only
* Direct Debits 20p, Cashpoint 15p a day no matter how many operations, notional increases credited daily
† Also charge for credit items
‡ Different charges in Scotland and Northern Ireland
‖ No charges unless overdrawn, then immediate
** Standing Orders 20p

A limited confusion

THE FIRST indication that many small shareholders had that changes were under way in British company law was when old familiar company names began sprouting a confusing new set of initials.

Many of the country's largest companies have now dropped the familiar "Limited" from their title and replaced it with the decidedly less informative "plc." Worse still, companies have yet to agree on a uniform style and plc, p.l.c., PLC and P.L.C. have all been sighted.

Public limited companies—for that is what the initials denote are in origin a product of an EEC attempt to co-ordinate European company law, though the British Government has since tacked on a number of its own ideas.

Public companies have been required to re-register as plcs under Part 1 of the Companies Act 1980, which took effect in December of that year. However, the 1981 annual reports which have recently been dropping through shareholders' letterboxes have been the first to incorporate the new terminology.

Strange as it may seem, previous legislation, the Companies Act of 1948, made no reference to public companies and did not define them. The only company status which was described was that of a private company, resting on certain restrictions on the right to transfer shares, on the number of members of the company and a ban on its being able to make a public offer of shares.

A public company was simply any company to which these restrictions did not apply. The latest British legislation, prompted by the EEC's second directive, establishes plcs and private "limited" companies.

This brings Britain into line with Continental Europe where Germany, for examle, has long had AGs (Aktiengesellschaften), and GmbHs (Gesellschaften mit beschraenkter Haftung) while the Netherlands has its NVs (naamloze vennootschappen) and BVs (besloten vennootschappen).

The most important requirement for the new plcs is that they must have a minimum nominal share capital of £50,000 and that at least a quarter of that must be paid up.

This means that companies limited by guarantee (whose equity capital consists of a pledge from its members to contribute a fixed amount should it be wound up) and companies with a smaller capital automatically become private companies with the "limited" suffix.

Only plcs will be able to raise money from the general public by new share issues, but they are subject to more stringent requirements than private companies when distributing profits or buying their own shares.

Old-style public companies were given until March 31 to re-register although by the end of April, the last date for which data is available, only just over half had done so.

Of the estimated 8,000 companies expected to register 2,188 had been listed as plcs and a further 2,231 as private companies. A number of others were being processed by the Department of Trade while some were still putting resolutions to their annual meetings to authorise the re-registration.

The department has the power to impose penalties—including fines—on companies which fail to register but it this week said it had no plans to actively pursue defaulters. "I don't say we will leave everything in the air for ever but there will be no great drive to get at them," an official commented.

Many of the companies which have failed to re-register may be dormant or have changed their address. A number are known to be residents' associations in company form which are probably unaware of the change in the law.

The Institute of Directors reported a "modest" level of inquiries from its members about what the change in the law meant for them. "The fact that these new initials are appearing after a familiar company name may be confusing for the general public. But for most companies it is a morning's work to sort it out," said Mr Andrew Hutchinson, principal research executive.

More important issues have been raised by the new company legislation — such as disclosure rules, the abolition of the Registry of Business Names and a company's right to purchase its own shares. But for small shareholders "their" company's new title has been the first sign of change. It represents the tip of a very big iceberg.

Charles Batchelor

Banging the drum

THE annual launch of the Investment Trust Yearbook* by the Association of Investment Trusts has been accompanied by more than the usual amount of banging on the drum. This year the association is 50 years old. An occasion marked by much wining and dining in London and Edinburgh.

As usual the book is a wealth of statistical information as befits the official reference book for a £9bn sector. And again the coverage has been expanded. This time a new section analysing the portfolio features of the industry is included.

One other change in the 1982 edition is that the outside view normally presented by an "eminent financial journalist" has been replaced by two articles—one from a private investor and one by a fund manager.

The private investor, Mr M. Passey, a lecturer in law at Leeds University, has approached his task from a reasonably critical point of view. Investing in trusts is a "hobby for him. So far not a particularly profitable one to judge by his comments. But then he admits that he has "perhaps tried too hard."

The institutional investor, Mr D. Prosser of the National Coal Bord Pensions Funds, has put forward well worn arguments on the sector that buying trust shares is buying assets at a discount of up to 30 per cent but also, for the institution at least, it means duplicating management costs. Yet what else could be said? And he develops the theme beyond its usual over-simplification.

The movement itself worries continually about the discount that its members' share prices stand to the underlying asset value—little thanks for a good performance. Association chairman, Lord Mark Fitzalan Howard in his opening to the book says "Despite a competant performance . . . the average level of discount widened somewhat perversely from 23 per cent in March 1981 to end the year at almost 28 per cent." Last year the sector's total return on assets was 12.6 per cent against 11.7 per cent for the All-share.

Yet the discount is nothing more or less than a reflection of the demand and supply equation and all the talking in the world will not change it. There is an oversupply of investment trust paper overall. Stockbrokers Laing and Cruickshank suggested in their last annual review in November that £1bn of trust paper had to disappear. Over the years there has been a trickle of bids, liquidations and unitisations but nothing approaching this scale until recently.

Two management houses, Robert Fleming and Touche Remnant, have reorganised their trusts. The former got totally wrong-footed by institutional reaction to its proposals and ended up unitising three trusts, about 20 per cent of its portfolio. TR got off a little more lightly, but there is still a long way to go to get to Laing and Cruickshank's £1bn mark.

The market, and the companies, have started watching share stakes just as closely as performance tables. For the trusts where the more hard headed institutions are building up holdings are the trusts where the sparks could fly next. They will be looking for ways to narrow the discounts to their own benefit.

And this year? Last word appropriately to the chairman: "1982 will witness its disappointments and its successes, some expected, some unexpected . . ." Hard to argue with that.

The yearbook is available from The Association of Investment Trust Companies, Park House, 16, Finsbury Circus, London, EC2, or Financial Times Business Publishing Greystoke Place, Fetter Lane, London, EC4. Price: £12.50.

Terry Garrett

World Cup currency

COINS

JAMES MACKAY

THE WORLD CUP Football Championship has come a long way since its inception in 1930 when Uruguay staged the tournament as part of the country's centenary celebrations and 13 countries participated.

Until now coins honouring the World Cup have been mainly confined to the host country, but it was inevitable that this should spread to other participating countries, in the same manner as Olympic and other sports coins of recent years. In December 1980 International Coins and Currency Inc of the U.S. unveiled plans for the marketing of commemorative legal-tender coins from World Cup countries. Having secured an exclusive right to the FIFA logo, ICC approached more than 40 of the 108 countries likely to take part in the 1982 championship and this has resulted in an ambitious coin programme which an estimated 15-24 countries will suport. This programme is being handled in Britain by Paramount International Coin Ltd of Swan House, 207 Balham High Road, London, SW17 7BQ.

The first part of the programme consists of eight silver coins, issued by the People's Republic of China, Ethiopia, Hungary, Jamaica and Turkey. These coins feature the official emblem of Espana '82, a football with parallel lines to the left simulating its trajectory.

This serves as a useful common denominator for a series of coins which are disparate in their style and treatment of the football theme, ranging from the abstract motifs favoured by Hungary to the lively action shots on the coins of China and Ethiopia. These coins are available on a subscription basis and are being released at a rate of approximately one every six weeks. The second series will consist of six gold coins from China, Ethiopia, Jamaica and Turkey and these will be released at quarterly intervals, thus taking the programme well into 1983.

Spain began its numismatic preparations for the World Cup two years ago when an entirely new definitive series was released. These coins had the standard obverse bearing a left-facing profile of King Juan Carlos and the date 1980 at the foot. The set comprised six coins, in denominations of 50 centimos (aluminium), 1 peseta (aluminium-bronze) and cupro-nickel 5, 25, 50 and 100 pesetas.

Each coin bears the title ESPANA 82 and a stylised football allied to various symbols and heraldic devices on the reverse. With the exception of the 50 centimos, which was only issued in 1980, these coins have appeared each year since 1980. Although the date on the obverse has remained the same, denoting the year of authorisation, the actual date of issue is denoted on the reverse by digits contained in a tiny six-pointed star. Those bearing the digits 80 and 81 are plentiful in general circulation and already the 25 ptas with 82 star has been released, with the remaining denominations following shortly. The only coin not circulating generally is the 100 ptas but it is readily available from the Spanish banks.

With three of the four home teams qualified for the championships in Spain it is a pity that Britain will not be issuing any coins for this event. This defect has been remedied, however, by the Isle of Man which is uniquely situated between England, Scotland and Ireland and has many links with the countries whose teams will be taking part. Consequently a series of four crowns was authorised by Tynwald and these have now been released in cupro-nickel for general circulation, as well as in various proof and precious-metal versions for the collector market. Full details of these coins may be obtained from the Pobjoy Mint Ltd., Oldfields Road, Sutton, Surrey.

Conundrum of falling incomes

IN 1981 real disposable incomes fell in Britain by about 2 per cent. Yet retail sales since the turn of the year have proved strangely buoyant, even in volume terms; and consumption still seems to be rising in defiance of the trend in incomes. Any answer to this conundrum needs to indicate how the extra consumption is being financed and how long it can go on.

Part of the explanation is that people have been saving less: during 1981 the personal sector savings ratio dropped from almost 18 per cent to less than 14 per cent over the first nine months. It could be that this reflects confidence that the inflation rate will continue to fall, reversing the process whereby higher inflation in the 1970s drove up the personal savings rate in the first place. If personal wealth is suffering less inflationary erosion, people may be willing to use more of their income for current consumption.

Another piece of the jig-saw is much higher personal borrowing over the past year, when banks and building societies have fallen over each other in a scramble to grant more mortgages, and the clearing banks have stepped up their promotion of other lines of personal credit. The success of this campaign now seems to be showing through in some rather bloated bank lending statistics.

It is quite possible that the story is almost wholly that of some people saving less and others getting themselves more and more deeply in debt. In that case, as the squeeze on real income prolongs itself, consumer spending will naturally tend to slow down. The personal sector has in recent months become uncomfortably highly geared, so the temptation to take on more loans should be heading for a decline. There is in any case not much room in the banking system for advances to go on growing faster than deposits for very long.

Other ways for expenditure to get financed may be less likely to fall back in line with incomes. For instance, earnings from the "black" or unofficial economy do not, as a matter of definition, appear in the official calculation of real income levels. But there is little reason to suppose that moonlighting is currently on the increase.

What might well have become more significant, however, is the liquidation of assets, particularly houses, so that the resulting cash can be spent in the shops. An increasingly fashionable view is that this sort of "dis-saving" may be quite influential — perhaps adding as much as £1bn to UK retail spending last year—and could go on increasing for some time.

Stockbrokers McAnally Montgomery have recently focused on this un-freezing of bricks and mortar, for consumption, feeling unconvinced that the more conventional explanation in terms of lower savings and higher credit can be complete.

The reason it is possible, they argue, is seated in the post-war growth of owner occupation, which has more than doubled over the past 40 years to include 55 per cent of the UK housing stock. With house prices averaging £20,000, wealth of some £240bn has been accumulated. But increasing numbers of those who bought their first house in the post-war years are now dying, leaving houses to children who have already themselves become house-owners.

Someone who inherits a house which is surplus to requirements will probably release it on to the housing market. A usual strategy is to market both houses and trade up, but releasing some cash in the process. Much of this residual cash will be saved. But around £34bn worth of houses are traded each year, and McAnally believe that a sixth of this total could represent inheritances. If only a small proportion of this were spent on consumption, they say, "it seems unlikely to be insignificant in the context of the £5bn increase in UK retail sales by value last year."

For every seller there has to be a buyer. The cash that goes into the hands of wealthier middle aged groups to be spent on cruises, private medicine and luxury cars—all spending categories which seem to be doing quite well at the moment —is financed by the borrowings of younger house-buyers, whose retail spending power is correspondingly squeezed. To the extent that there is extra money in the personal sector, it is being created by the banks.

Jeremy Stone

YOUR SAVINGS AND INVESTMENTS—3

Barry Riley on a new move in the mortgage market

The advantages of an index-linked home

THIS WEEK'S announcement *that the leading City merchant* bank Lazard Brothers will be channelling pension fund money into index-linked house mortgages opens up the possibility that there could now be substantial growth in this hitherto obscure corner of the mortgage *market.*

While the building societies and the clearing banks have been slugging it out for shares of the traditional mortgage market, two new organisations have been trying to develop novel approaches to the question *of mortgage finance.* Although the methods are different, they are both seeking to reduce the very *high initial burden of mort*gage instalments.

Index Linked Mortgage and Investment (ILMI), run by financial consultant Michael Kelly, has developed a sophisticated scheme based upon the retail price index. Both the return to investors and the debts of the borrowers are linked to the RPI, and the idea is that mortgage instalments can be held steady in real terms.

With a conventional mortgage the instalments are level only in money terms (subject to variations in the rate of interest from time to time). This leads to the common experience that the repayments seem very high to begin with, but are less and less of a real burden as the inflationary years go by. It can be a comforting feeling—but maybe it would have been more sensible to buy a bigger house with a bigger loan in the first place, rather than be faced with the need to keep trading up the market.

Whereas the ILMI scheme is directed primarily towards the bigger house buyer — the *average loan is some £30,000*— another organisation, the Build-Trust, an unauthorised unit *trust, is offering a scheme* which could be of rather more interest to the first-time buyer.

This scheme is based upon profit-sharing. The interest rate is only two-thirds of the rate recommended by the Building Societies Association, which either cuts down the level of monthly instalment or, alternatively, allows the house buyer to borrow more. However, when the house is sold, or the mortgage term ends, the Trust gets half the notional "profit" from the appreciation of the value of the house. This is worked out on the basis of a national house price index.

The Building Trust has been flooded with applications for mortgages, but has to confess that the money-raising side of the venture is proving slow to take off. The aim is to attract some of the huge £70bn-plus resources of the pension fund movement by offering an investment linked to house prices.

But such a new concept inevitably takes time to catch on. And the Building Trust has discovered that investment proposals can easily be deferred three or six months to the next trustees' meeting.

The ILMI scheme has also been short of funds, with a big overhang of waiting mortgage applications, but now that could change if Lazard is successful with its plan to pump pension money into index-linked mortgages through its new institutional investment vehicle, the Lazard Index-Linked Mortgage Unit Trust.

Gracious living . . . steady payments

Michael Kelly regards it as a great compliment to be backed by *Lazard, whose experts have* gone over the ILMI scheme with a fine toothcomb. The unit trust *LILMUT will now be the exclu*sive source of institutional funds for mortgages arranged by *ILMI,* which in fact will act only as an agent—the money for each mortgage will be lent directly by the trust.

So now the question is how fast the money will roll in. According to Lazard's John Dear: "As far as we can see this is the first direct competition to the index-linked gilts." Institutions such as pension funds—but not private investors, who are excluded—will be offered a real return of at least 4 per cent over and above the rate of inflation. Indexed gilts offer less than 3 per cent real.

Michael Kelly says he is con*fident of at least £10m every* quarter, though he notes the resistance experienced by the Building Trust. "It might take a little bit of time for the whole concept to sink in," he recognises.

Even at the rate of £40m a year, of course, these index-linked mortgages would be just a drop in the ocean of mortgage finance generally. The building societies lend £40m every day.

Gilts and Grannies . . . the good and bad news

PRIVATE INVESTORS appear to have lost interest in the index-linked gilt stocks after the first flush of enthusiasm following the Budget which made these stocks available to all investors.

The reason is probably the slow but steady decline in the rate of inflation over the past 18 months, a rate which has at *last just got below 10 per cent.* Just as investors tend to lose interest in equities in a falling market, so it appears that they grow bored with index-linked gilts when the rate of inflation is falling.

As far as the smaller investor *is concerned, the theoretical* attractions of index-linked gilts over Granny Bonds, the name *still given to index-linked* National Savings Certificates, disappear in the practical light of day.

The redemption yields, so beloved of stockbrokers, assume interest is reinvested automatically back into the index stock. Even for £10,000 holdings—comparable for the maximum Granny bond joint holding by husband and wife—the first half-yearly interest payment is £102, far too small to reinvest.

And with Granny bonds, the investor is certain of getting his money back, preserved in real terms, after one year, not so with index linked gilts over short periods.

The net result is that the price of index-linked gilts has fallen to a level that stockbrokers Grieveson Grant considers specially attractive to certain private investors able to hold substantial quantities of the stocks.

Its latest bulletin points out that the Index-Linked 2 per cent *1988 is still on tap,* with the authorities estimated to hold £500m of the original issue of £750m. The real return on the stock is 1¼ per cent to a 60 per cent taxpayer compared with ¾ per cent on Granny Bonds if held for the full five years.

Secondly, when compared to low coupon fixed-interest gilt the breakeven average annual inflation rate for a 60 per cent taxpayer is 7¼ per cent. The Government is still a long way from achieving this level.

Grieveson Grant emphasises that its calculations assume the investor holds the 1988 stock to redemption and this is the recommendation to clients. It also feels that the next index-linked stock 2 per cent 1996 is too long a stock for private holders.

If investors are interested in such stocks, they need to spend some time getting calculations on the early cash-in position on various investment assumptions.

Compared with Granny bonds, *in which no costs or investment* risks are involved, short term investment in index-linked gilts involves *dealing costs both* when buying and selling—costs that are small but not insignificant—and an investment risk that the price may be depressed at the time of cash-in.

Eric Short

REAL YIELDS ON THE INDEX-LINKED STOCKS

Stock	Price £	Yield* %
2% 1988	97¼	2.46
2% 1996	99	2.98
2% 2006	93¾	2.83
2% 2011	95¼	2.75

* Assuming 10.4 per cent inflation rate.

Source: Grieveson, Grant

The Association of Investment Trust Companies — THE INVESTMENT TRUST TABLE

The figures in the columns below are based on information supplied by the companies named, which are members of The Association of Investment Trust Companies. The figures are unaudited.

Columns (1)–(5): as at close of business on Monday 17th May 1982. Columns (6)–(10): as at 30th April 1982.

Total Assets less current liabilities (1) £million	Company (2)	Share Price (3) pence	Yield (4) %	Net Asset Value (5) pence	Geographical Spread: UK (6) %	Nth. Amer. (7) %	Japan (8) %	Other (9) %	Gearing Factor (10) base=100	Total Return on N.A.V. over 5 years to 30.4.82 (11) base=100
	VALUATION MONTHLY									
215	Alliance Trust	296	5.4	415	52	38	4	6	96	183
167	British Invest. Trust	188	7.0	260	63	30	6	1	88	165
56	*First Scottish American Trust*	131	5.3	169	60	28	11	1	101	173
91	Great Northern Invest. Trust	140	6.8	186	66	19	7	8	93	†
109	Investors Capital Trust	110	4.1	154	42	38	13	7	98	162
7	*New Darien Oil Trust*	67	0.3	73	4	81	–	15	90	†
66	Northern American Trust Co.	144	5.0	184	59	28	11	2	103	176
24	River Plate & General Invest. Trust	116	6.8	154	74	12	–	14	97	222
15	*xSave & Prosper Linked Invest. Trust*	107	–	201	100	–	–	–	157	159
177	Scottish Invest. Trust	135	4.9	189	41	35	10	14	99	175
75	Scottish Northern Invest. Trust	95	5.4	133	62	33	2	3	105	193
133	*Scottish United Investors*	51	4.5	71	34	41	9	16	100	162
71	Second Alliance Trust	257	5.1	359	51	38	5	6	98	184
4	Shires Investment	134	12.6	152	100	–	–	–	90	162
109	United States Debenture Corporation	116	7.3	156	72	28	–	–	101	†
	Baillie Gifford & Co.									
179	Scottish Mortgage & Trust	160	4.7	221	36	44	12	8	100	174
82	Monks Invest. Trust	72	4.8	100	33	38	17	12	104	175
17	Winterbottom Energy Trust	58	1.6	65	1☐	93	–	6	105	139
9	Baillie Gifford Japan	76	0.0	88	–	–	100	–	78	†
3	Mid Wynd International Invest. Trust	54	4.5	68	19	46	20	15	98	†
	Baring Bros. & Co. Ltd.									
55	Outwich Invest. Trust	64	5.0	94	62	16	10	12	111	179
35	Tribune Invest. Trust	98	4.4	137	39	34	12	15	100	164
	Drayton Montagu Portfolio Mngt. Ltd.									
9	British Indust. & Gen. Invest. Co.	144	5.0	176	50	16	19	15	95	†
4	*City & Foreign Invest. Co.*	78	0.0	92	5	95	–	–	83	†
86	Drayton Consolidated Trust	159	7.1	245	57	18	12	13	92	†
13	Drayton Far Eastern Trust	63	2.8	76	8	14	43	35	74	†
61	Drayton Japan Trust	161	2.7	219	20	43	23	14	70	†
97	Drayton Premier Invest. Trust	200	7.7	307	58	20	11	11	93	†
17	English & International Trust	116	6.8	160	60	22	9	9	96	†
7	Montagu Boston Invest. Trust	63	2.8	68	1	99	–	–	79	†
18	xCity & Commercial Invest. Trust	258	–	356	93	5	2	–	139	222
17	xDualvest plc.	463	–	604	81	9	1	9	125	†
15	xFundinvest plc.	118	–	176	93	4	2	1	125	†
45	xTriplevest plc.	340	–	518	80	12	1	7	127	†
	East of Scotland Invest. Managers Ltd.									
62	Aberdeen Trust	140	6.4	182	79	18	1	2	102	184
	Edinburgh Fund Managers Ltd.									
79	American Trust	63	5.1*	86	42	57	–	1	102	179
21	Crescent Japan Invest. Trust	280	0.8	306	–	–	100	–	99	175
18	General Scottish Trust	63	7.1	83	63	24	7	6	101	189
4	New Australia Invest. Trust	78	2.6	74	–	–	–	100	101	†
11	New Tokyo Invest. Trust	105	0.0	112	–	–	100	–	99	†
10	Wemyss Invest. Trust	370	7.7	450	54	31	–	15	88	150
	Electra House Group									
383	Globe Invest. Trust	141	7.6	197	64	22	4	10	107	†
46	Temple Bar Invest. Trust	63	9.0	78	93	5	–	2	99	180
	F&C Group									
34	Alliance Invest. Co.	92	4.2	124	55	17	19	9	110	220
33	Cardinal Invest. Trust	89	5.3	124	59	17	5	19	107	200
6	F&C Eurotrust	51	4.1	64	15	3	–	82	113	117
271	Foreign & Colonial Invest. Trust	63	4.7	88	52	24	14	10	109	190
43	General Investors & Trustees	171	5.5	240	59	15	5	21	108	207
	Fidelity International									
1	xCystic Fibrosis Research Invest. Trust	103	–	138	92	3	3	2	153	†
	Robert Fleming Investment Mngt. Ltd.									
17	Claverhouse Invest. Trust	135	6.9	174	99	–	–	1	99	239
16●	Crossfriars Trust	115	8.1	161	100	–	–	–	93	218
11	Fledgeling Investments	68	4.6	85	89	10	–	1	98	337
52	Fleming American Invest. Trust	223	2.7	305	60	34	2	4	94	160
83	Fleming Far Eastern Invest. Trust	114	1.6	161	67	1	23	9	92	183
38	Fleming Japanese Invest. Trust	180	1.4*	246	73	4	17	6	98	184
49	Fleming Universal Invest. Trust	154	5.6	224	68	19	3	10	99	177
35	London & Montrose Invest. Trust	126	4.3	145	59	24	5	12	96	174
66	London & Provincial Trust	178	4.5	209	59	25	5	11	98	170
140	Mercantile Invest. Trust	59	6.3	85	51	31	7	11	99	200
42	Technology Invest. Trust	156	3.9	212	60	30	9	1	100	183
101	*United British Securities Trust*	156	6.4	227	44	32	7	17	91	174
30	United States & General Trust Corp.	312	5.3	370	74	17	4	5	95	175
	GT Management Ltd.									
35	*Berry Trust*	160	1.5	190	37	31	13	19	104	272
1	xChild Health Research Invest. Trust	143	–	157	50	28	4	18	98	†
8	GT Global Recovery Invest. Trust	78	1.4	82	57	25	2	16	90	†
20	GT Japan Invest. Trust	313	2.1	326	2	3	90	5	90	209
11	Northern Securities Trust	236	2.7	306	48	30	9	13	93	246
	Gartmore Investment Management Ltd.									
10	xAltifund plc.	182	0.3	246	92	2	3	3	121	237
33	Anglo Scottish Invest. Trust	66	5.2	93	54	35	2	9	102	190
37	English & Scottish Investors	64	4.0*	88	47	37	5	11	97	205
11	Group Investors	103	4.3	138	49	42	5	4	102	213
8	London & Gartmore Invest. Trust	117	1.8	150	28	35	7	30	127	166
12	London & Lennox Invest. Trust	47	5.8	64	57	31	–	12	102	167
29	London & Lomond Invest. Trust	106	5.4	148	69	26	2	3	99	189
15	London & Strathclyde Trust	76	4.2	93	60	32	–	8	107	183
20	Meldrum Invest. Trust	76	6.5	101	93	4	–	3	100	244
	Gartmore Investment (Scotland) Ltd.									
104	Scottish National Trust	106	4.6	148	58	24	6	12	108	179
26	Glasgow Stockholders Trust	77	4.4	104	56	31	–	13	108	178
	John Govett & Co. Ltd.									
119	Border & Southern Stockholders Trust	81	4.9	115	58	18	15	9	94	179
16	General Stockholders Invest. Trust	154	3.7	208	46	39	10	5	97	167
90	Lake View Invest. Trust	141	4.2	188	43	13	24	20	98	184
86	Stockholders Invest. Trust	142	3.7	184	31	55	8	6	98	175
	Hambro Group									
31	Bishopsgate Trust	90	5.3	127	60	31	6	3	101	197
6	City of Oxford Invest. Trust	104	7.6	144	100	–	–	–	100	243
73●	Hambros Invest. Trust	91	4.7	123	51	42	4	3	106	227
8	xRosedimond Invest. Trust	147	–	181	100	–	–	–	–	232
	Henderson Administration Ltd.									
176	Witan Invest. Co.	71	4.2	98	51	25	19	5	104	191
30	Electric & General Invest. Co.	115	3.2	158	50	36	8	6	101	182
9	Greenfriar Invest. Co.	180	1.8	227	51	25	11	13	107	233
9	Lowland Invest. Co.	94	6.8	116	91	1	–	8	99	249
	Philip Hill (Management) Ltd.									
31	General Consolidated Invest. Trust	126	7.3	163	68	26	–	6	96	195
184	Philip Hill Invest. Trust	138	6.3	186	75	21	–	4	96	214
9	Moorgate Invest. Trust	157	6.7	182	89	7	–	4	96	271
46	Nineteen Twenty-Eight Invest. Trust	96	7.1	122	56	38	–	6	93	165
	Industrial & Commercial Fin. Corp. Ltd.									
14	London Atlantic Invest. Trust	92	7.4	123	74	12	–	14	93	217
9	North British Canadian Invest. Co.	116	6.3	136	92	3	–	5	101	317
	Ivory & Sime Ltd.									
91	Atlantic Assets Trust	57	0.6s	77	49	48	–	3	90	337
123	British Assets Trust	96	6.6	125	38	55	–	7	104	180
60	Edinburgh American Assets Trust	101	1.2	120	12	76	6	6	109	213
44	Independent Invest. Co.	132	0.5	156	25	72	–	3	96	†
6	Japan Assets Trust	20	0.0	21	8☐	–	92	–	88	†
40	Viking Resources Trust	79	1.4	90	8	89	–	3	111	260
	Kleinwort Benson Investment Mngt. Ltd.									
36	British American & General Trust	54	6.6	71	53	35	7	5	92	172
40	Brunner Invest. Trust	80	5.4	105	49	38	6	7	95	210
44	Charter Trust & Agency	77	6.4	106	62	26	7	5	100	181
56	English & New York Trust	96	6.2	132	57	31	5	7	94	166
6	*Family Invest. Trust*	112	7.7	137	98	1	–	1	100	240
5	Jos Holdings	73	6.7	92	82	15	–	3	96	214
9	London Prudential Invest. Trust	111	6.2	144	68	21	7	4	100	212
74	Merchants Trust	96	6.2	138	55	31	8	6	91	184
	Lazard Bros. & Co. Ltd.									
64	Raeburn Invest. Trust	157	6.3	236	57	31	5	7	94	168
51	Romney Trust	120	5.2	169	33	43	13	11	99	168
	Morgan Grenfell Ltd.									
114	Anglo-American Sec. Corp.	133	5.5	192	57	24	11	8	95	166
34	North Atlantic Sec. Corp.	130	3.0	169	16☐	44	21	19☐	80	157
	Murray Johnstone Ltd.									
71	Murray Caledonian Invest. Trust	80	7.1*	105	50	35	7	8	99	181
101	Murray Clydesdale Invest. Trust	65	3.8*	94	36	51	8	5	94	166
27	Murray Glendevon Invest. Trust	139	2.8*	189	42	45	7	6	101	176
32	Murray Northern Invest. Trust	78	3.4*	110	30	31	15	24	99	168
113	Murray Western Invest. Trust	85	4.2*	120	39	56	9	6	88	170
	Rivermoor Management Services Ltd.									
140	London Trust	76	6.6	111	60	23	–	17	115	244
16	Moorside Trust	64	7.8	81	51	43	1	5	93	177
43	River & Mercantile Trust	129	8.3	177	70	12	5	13	99	216
	J Rothschild Invest. Management Ltd.									
188●	RIT plc.	375	5.3	494	59☐	20☐	6☐	15	72	244
30	Ailsa Invest. Trust	44	5.1	58	49	30	9	12	84	†
9	Precious Metals Trust	71	0.0	75	26☐	54	1	19	60	†
	J Henry Schroder Wagg Group									
30	Ashdown Invest. Trust	187	5.0	267	48	41	8	3	95	173
40	Broadstone Invest. Trust	200	5.3	284	49	42	6	3	95	178
67	Continental & Industrial Trust	282	5.8	384	50	47	–	3	99	176
41	Trans-Oceanic Trust	77	4.6	111	38	47	9	6	94	177
	Stewart Fund Managers Ltd.									
99●	Scottish American Invest. Co.	142	4.4	178	53	35	4	8	95	220
6●	Stewart Enterprise Invest. Co.	32	1.8	36	77☐	13	–	10	69	†
	Throgmorton Invest. Management Ltd.									
13	xThrogmorton Secured Growth Trust	130	–	222	100	–	–	–	–	153
68	Throgmorton Trust	119	7.2	156	99	1	–	–	103	273
	Touche Remnant & Co.									
45	Bankers' Invest. Trust	85	6.6	115	71	19	5	5	100	189
44	Cedar Invest. Trust	106	6.2	129	71	12	5	12	93	185
21	TR Australia Invest. Trust	113	4.4	146	42	11	3	44	94	195
56	TR City of London Trust	83	8.6	115	95	2	–	3	92	202
257	TR Industrial & General Trust	76	5.6	110	65	17	8	10	106	195
74	TR Natural Resources Invest. Trust	170	5.7	231	64	22	1	13	100	183
41	TR North America Invest. Trust	170	5.3	233	50	40	–	10	105	175
54	TR Pacific Basin Invest. Trust	103	2.8	146	53	3	36	8	99	173
52	TR Property Invest. Trust	81	3.9	112	76	15	1	8	102	196
153	TR Technology Invest. Trust	95	5.0	137	59	23	12	6	95	207
95	TR Trustees Corporation	68	6.2	100	75	12	3	10	106	204
	Williams & Glyn's Bank Ltd.									
3	Atlanta, Baltimore & Chicago	70	2.0	84	16☐	84	–	–	89	140
3	West Coast & Texas Regional	81	2.3	98	13☐	87	–	–	93	135

NOTES TO THE TABLE

† No data.
x *Split capital trust (capital shares).*
* Applies to Ordinary/"A" Ordinary only.
s Does not include special dividend.
☐ More than one quarter in non-equity investments.
● More than 20% in securities or other assets included at directors' valuation.
ac Adjusted for scrip issue.
ar Adjusted for rights issue.

(a) Cols. 1, 3 to 5 — Figures supplied by Wood Mackenzie & Co., members of The Stock Exchange. Col. 1 to nearest £1m; Cols. 3 & 5 to nearest penny per share.

(b) Cols. 1, 5 — *Statistics simulated to date shown* based on latest valuations supplied by the companies and made available to The Stock Exchange. In these valuations listed securities are valued at mid-market prices and unlisted at directors' valuation. All revenue account items are excluded.

(c) Col. 4 — *Based on last declared dividend or* firm forecast, plus tax credit, to nearest 0.1 per cent.

(d) Cols. 6 to 9 — Percentages of total assets less current liabilities. Currency balances are allocated to the relevant geographical sector.

(e) Col. 10 — The gearing factor indicates the percentage amount by which the net asset value per share would rise if the *value of the equity assets increased* by 100 per cent. Further explanation is given in the booklet 'Investment Trusts today'.

(f) Cols. 5, 11 — Prior charges and preference share capital deducted at market value; convertible stocks deemed to be converted; warrants treated as not exercised.

(g) Col. 11 — Figures supplied by AITC Statistics Service, to nearest one per cent. A full description of the information shown in this column is given in the Investment Trust Year Book. In summary, the figures show the percentage changes in the net asset values over the period assuming that dividends paid, excluding tax credit, were reinvested in the underlying assets of the company.

INDICES OF FIVE YEAR TOTAL RETURN

General Trust Average	191
F.T.–Actuaries All Share	222
*Standard & Poors Composite	90
*Capital International World	97

*Adjusted for exchange rate changes.

EXPLANATORY NOTES

Use of total return statistics and care in interpretation

The total return statistic, which adjusts the net asset values for dividends, excluding tax credit, distributed during the period, enables companies with substantially different capital growth and dividend policies to be more fairly compared. A period of five years provides a good indication of trends and, in normal circumstances, should cover a traditional bull and bear market in the major stock markets.

Each total return figure is indexed from a base of 100 at the commencement of the period and records the movement between two particular dates. Any particular total return figure may thus be affected by exceptional factors, operative at either the base date or at the final date, which were influencing the stock market generally or a sector of the market in which the company was interested. The geographical distribution of a particular company's portfolio should be considered in assessing its relative performance.

While the total return statistic, if used with care, provides a valuable guide to past experience which can assist comparison of one company with another, or the trust movement with other investment media, it should always be borne in mind that past performance is not necessarily a guide to future achievement.

The total return statistic for split capital trusts is not comparable with that for other companies because of the difference in capital structure. The split capital trusts have therefore been identified in the Table and are not included in the General Trust Average index figure.

Calculation of NAV

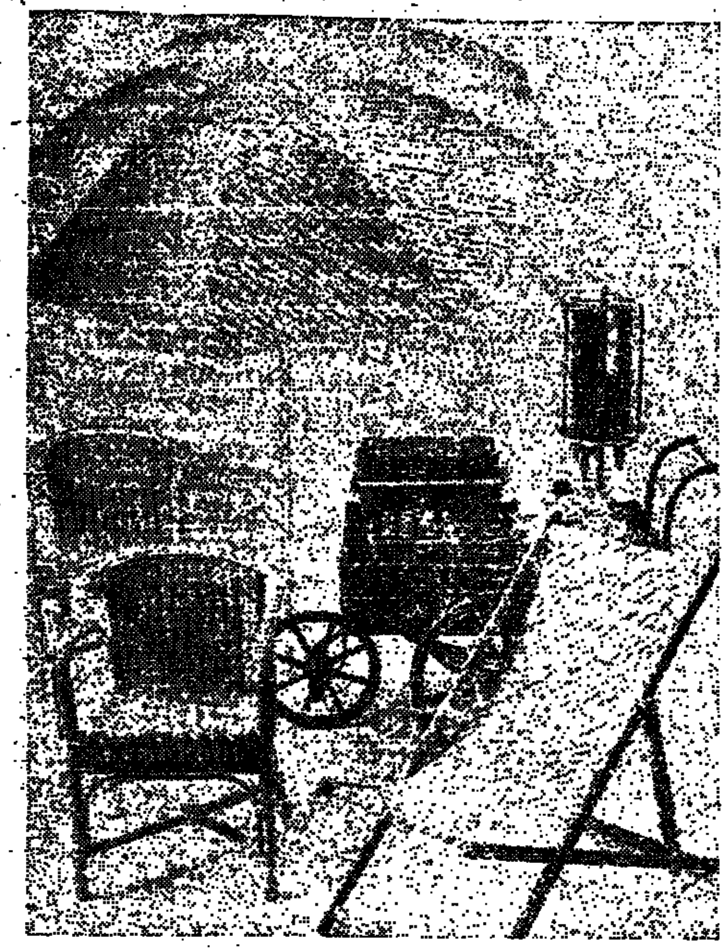
In order to avoid a plethora of figures and to facilitate comparability, the statistics of net asset value have been calculated on a uniform basis which may, in the case of a particular company, differ from the corresponding figures in its Annual Report and Accounts.

The net asset value is calculated on the "going concern" basis, ie with prior charges deducted at market value, as it is believed that this basis is the most widely accepted for comparative purposes.

HOW TO SPEND IT

by Lucia van der Post

Summer living and . . . summer health



HABITAT shops are a good source for finding quite simple items like deckchairs and parasols that have been transformed by the very obvious device of using unusual fabrics and colourways. As you can see from the photograph the deckchair and parasol are made from matching fabrics (a natural background with pastel dashes) and provide a welcome change from the more ordinary stripes one sees everywhere. The deckchairs are £14.95 each, the parasols, £24.50. There is the choice of an alternative fabric — again exclusive to the Habitat shops — this time a pastel-coloured floral design on a natural background.

For those who like to present a co-ordinated look to the world Habitat offers a diagonally-striped beach towel which co-ordinates with the "dashes" fabric shown on the parasol and deck-chair—should make a very chic picture when sunbathing languidly beside poor or patio. In 100 per cent cotton, 100 cm by 105 cm, it is £8.95.

If you fancy the parasol but don't have a table to fit it into Habitat sells one of the cheapest parasol tables I know. At £37.50 it has a top made from white wooden slats and metal-folding legs. The diameter is 40 in and the height 26 in.

If you like peripatetic picnics there is a red slatted table that folds up and fits into its own travelling bag—not the table to seat a convivial gathering but it would at least hold all the picnic food. It is £18.75. Still on the fold-up theme there are beech-framed chairs with blue or yellow canvas seats and sides at £24.95 each which are good looking enough to use as extra chairs indoors when winter comes.

For picnics there are sets of brightly coloured plastic knives, forks and spoons, at 50p for packs of 12—choose from green, yellow or red. Finally, those lovely Mr Toad rattan chairs in the photograph are £29.50 each.

Celia Baker

THE look in swimsuits this year is almost straight out of Hollywood—cut-away thighs, designed to make the legs look longer, and strapless bandeau tops to give that authentic Esther Williams effect. There are lots of very bright colours and the whole look is much more glamorous than last year's understated style. An Italian company has produced a range of clever swimwear with lots of matching accessories which seems to say it all. Look out for the name Anna Club.

The range isn't cheap but the swimsuits are beautifully cut. The swimsuit sketched is made from Lycra and is £32, the cardigan is cotton, £58.

For lounging about beach or poolside there is this cotton culotte and T-shirt set. The background colour is white, the strawberries either red or green. The culottes are sold as part of a set with a short-sleeved T-shirt (£49), the long-sleeved baggy T-shirt top is £46.

There are some 50 outlets for Anna Club swimwear up and down the country—Harrods of Knightsbridge, London SW1, has a particularly large selection and they can also be found in Rags, 23 High Street, Cowbridge, South Glamorgan, Wales, or Young Ideas, 3 Market Place, Ashbourne, Derbyshire.

THE HEALTH craze in this country hasn't quite reached the proportions that it has in America—but it is on the way. Hyde Park is alive with the soft padding of joggers at unearthly hours of the morning, health food shops are flourishing and if we turn out to be anything like as successful as the Americans in reducing the annual coronary statistics it will all have been well worth while.

A bright go-ahead company called WL (for William Levene) Housewares which specialises in brightly-packaged inexpensive kitchenware has recently caught the way the wind is blowing and come up with a group of products which it calls the Health Watchers. All are designed to help those who want to keep their weight down and eat lighter, less oily, more nutritious food.

WL has kicked off the programme with six products of which the star is probably the sturdy cast iron grill pan (see it in the photograph above right). Very good-looking with a matt black surface, a good wooden handle and a lip for pouring out any fat or juices, it enables you to cook without using fat. At £7.99 it strikes me as very good value.

Photographed with it is a metal prong on which a chicken can be roasted (the vertical cooking means the fat drips off and the resulting chicken has fewer calories and less cholesterol). Incorporated in the device are four prongs for baking potatoes. It comes in its own blister pack for the remarkable price of £1.49.

Also in the photograph is a vegetable steamer. Not only is steaming the way to produce crisper, more delicious vegetables, it actually preserves more of the vitamins as well. This steamer fits into many sizes of pot and is £2.49.

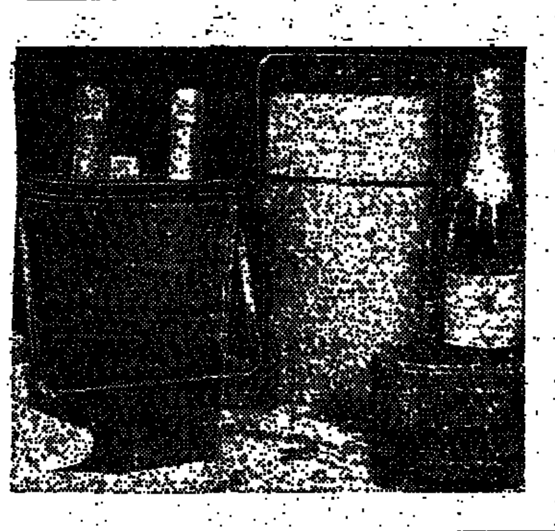
Hugh Routledge

In the photograph left is the rest of the Health Watchers range. There is a yoghurt maker of a very streamlined design which comes complete with thermometer and instruction leaflet. In beige and brown, it is £9.49.

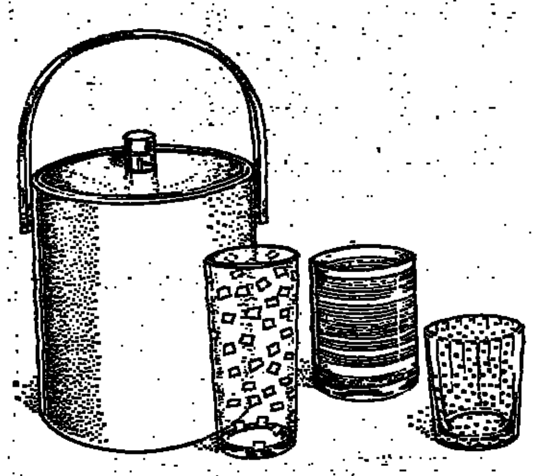
To its right is a gravy strainer which has a special spout which separates the oil (resting, as is its wont, at the top of the liquid) from the rest of the juices. Made of clear plastic it is £2.49. Finally, there is the oil well—this is a device to enable the cook to use as thin a film of oil as possible when oil is absolutely essential (as for cooking pancakes).

The container has a well into which a brush with special notches for adjusting the amount of oil can be dipped. It is £1.99.

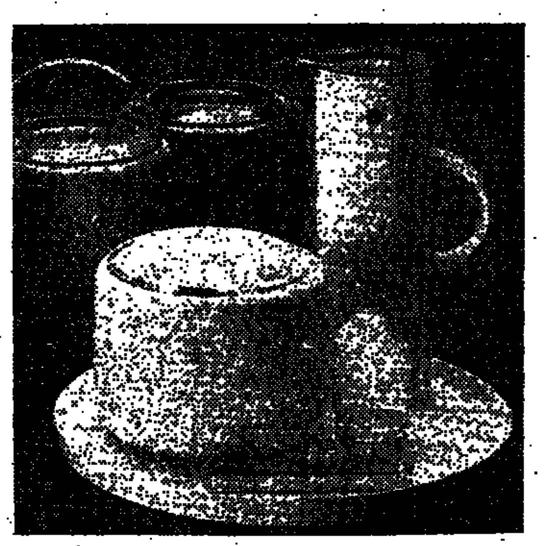
WL Housewares products are in supermarkets and kitchen departments up and down the country including Selfridges, London W1, major branches of Timothy Whites and all Lewis's stores.



FOR picnicking in style, when champagne or chilled white wine is de rigueur, the champagne house of De Lahaye has come up with a portable insulated container which when filled with crushed ice will keep two bottles chilled for hours. It can only be bought containing a bottle of De Lahaye's 1973 vintage champagne (according to De Lahaye, for Him) and a bottle of pink champagne, non-vintage (shame!) — for Her. £35 direct from De Lahaye Champagnes, Mill Lane, Kinver, Stourbridge, West Midlands, DY7 6LH.



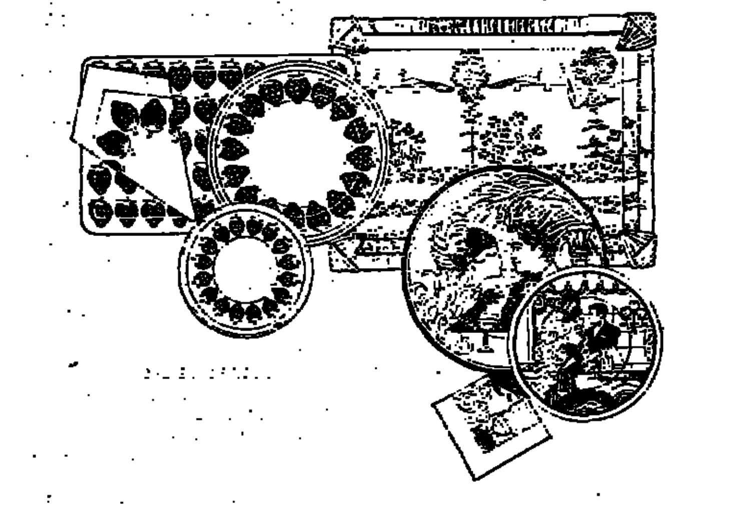
AN ice-bucket is an indispensable part of eating and drinking out of doors. To go with all those pastel-trimmed glasses this pale green plastic ice-bucket is £16.95 (p p £2). The confetti-spattered plastic tumbler is £2.75 (p p £3.65 for 6), while the rainbow-striped tumbler is £1.25 (p p £3.65 for 6). All from Way In Living, Harrods, Knightsbridge, London SW1. Finally, the polka-dot glass (red or blue spots) is £1.75 from Graham & Green, 4, Elgin Crescent, London W11.



SOME readers may remember an exceptionally streamlined vacuum-flask that I featured on this page about a year ago. A clever design by the Danish designer Erik Magnussen (see it photographed at the back here) he has now turned his attention to the ice-bucket and has produced an equally streamlined model shown here sitting on a matching tray. The ice-bucket is made from white, red, blue or black ABS plastic and is £18.50. The tray (in identical colours, also designed by Erik Magnussen and made from ABS plastic) is £8.25. The stainless steel ice tongs, designed, by Arne Jacobsen are £4.80 and the vacuum-flask, for those who missed it at the time, is £18.25. All are available from Argenta, 82 Fulham Road, London, SW3 which will post any item to any part of the UK for an extra £1.50.

Drawings by Claire Brooke

THERE is at the moment an exceptionally large selection of very pretty glassware about—much of it comes, ironically, from Poland. Sketched here, left to right, are two pieces from a cherry-bedecked range—the long glass (5½in high) is £2.15, the jug (6¼ in high) is £9.86. Both are from the Covent Garden General Store at 72 Long Acre, London WC2, which many readers in search of last-minute shopping or presents might like to know is open until midnight six days a week. Next comes a red and green strawberry bedecked glass (5¼ in high) at £1.25 from Way In Living at Harrods (can be posted for an extra £1 each or £3.65 for 6). Finally, two more glasses from the Covent Garden General Store—blue-rimmed, with blue, green and pink floral design, the tall wine-glass (8½in high) is £4.35, the tumbler (3½in high) is £3.35.



FOR summer outdoor eating, or for feeding large numbers when you either do not have enough china to go round or cannot face the washing-up, the Paper Party Shop at 15, Margarets Buildings, Bath, has one of the largest selections of paperware that I have seen. Whether your taste runs to the pretty, the smart, the dashing or the "retro," The Paper Party Shop is likely to have the whole range of everything the well-run party needs — from sturdy plates in several sizes, to paper napkins.

Sketched left is the strawberry selection (but the strawberry tray at the back is plasticised and comes from Harrods of Knightsbridge — £11.50, £3.50 p+p) while in the front, right, is a very elegant 1920s design in shades of black, cream and brown. Prices are £2 for 24 paper napkins, £2.50 for one dozen 11½ ins plates and £1.75 for one dozen 9 ins plates. The large tray in the background has a bamboo surround and a fibreglass base — £14.95 from Way In Living at Harrods of Knightsbridge. These is also a range of matching accessories like napkins, tablecloths, glasses and cushions.

CHESS

LEONARD BARDEN

LAST WEEK'S play-off for the Western Europe zonal championship at Leiden had a remarkable result and incidentally illustrated a match and tournament rule which sometimes confuses amateurs. The four-man event was to settle a tied result in the original zonal and to qualify three players for the next stage of the world title series.

The competitors were Mestel, Nunn and Stean from England and van der Wiel of Holland. Hopes that the three Englishmen might be able to squeeze out the solitary Dutchman disappeared as early as the second of the six rounds when van der Wiel defeated Mestel. Since Mestel had already beaten Nunn, this meant that Nunn, Britain's recognised No 1, was in great danger of elimination.

With two rounds to go, Nunn was still in last place. Badly needing to beat van der Wiel with the white pieces, he advanced his king's side pawns in an all-out attack. Van der Wiel kept calm, repulsed the threats, and emerged a pawn up with a winning position. Meanwhile, Stean and Mestel, observing events and the likely disaster to their colleague, quickly agreed their own game drawn.

On move 40, the time control move, van der Wiel still had a clearly won game. He made his move on the board, stretched out his hand to press the clock lever . . . and the flag fell.

Now all four players were level, each with 2½ points out of five, and only one round remained. FIDE, the World Chess Federation, had provided for such a contingency with a complex set of tie-break rules. The one which mattered was that the player or players who had most wins would go through. Stean had drawn all his five games, the others each had a win and a loss. Suddenly Stean had to defeat Nunn in the final round to escape elimination; but he made little progress and offered the draw in 20 moves when he already stood worse.

So the quadruple play-off ended in a quadruple tie, each player scoring 3 out of 6. Mestel now represents England in the Las Palmas interzonal starting on July 12 while Nunn plays in Mexico City beginning on July 29. The British Chess Federation has launched an appeal for funds so that both can have an experienced second to help with opening preparation and adjourned games analysis. Under FIDE rules the host country provides hospitality only for the player while government grants for air travel also relate only to the principal and not to his helper. On previous form the Russians, with four grandmasters in Las Palmas and four in Mexico, will provide a strong back-up team for all their players.

Meanwhile, the manner of Stean's elimination is sure to provide a talking-point. Should such systems as Sonneborn-Berger, sum of opponent scores, and more wins be used to decide such important events? FIDE's zone president for Western Europe, Kevin O'Connell, was willing to sanction a sudden death play-off by fast chess if there was another tie in Leiden provided all the players agreed beforehand; but this unanimity was not forthcoming. The fact remains that, particularly in view of the absence in chess of an annual world championship, artificial tie-breaks are being used to make or mar a grandmaster's career for years to come.

Many amateurs would hesitate before claiming a game on time in the circumstances of Nunn v van der Wiel. But the rules are specific that a move is only completed when the clock is pressed and the flag remains upright; the only exceptions are when the move in question concludes the game by checkmate or stalemate.

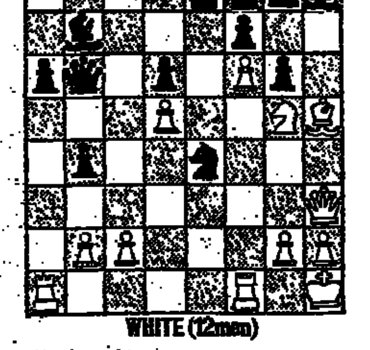
This week's game is a recent win by Mikhail Tal, ex-world champion and still among the finest players. His technique between moves 9 and 16 is a typical and recurrent attacking plan, worth remembering for when you have the white side of a Queen's Gambit.

White: M. Tal (USSR). Black: B. Abramovic (Yugoslavia). Queen's Gambit (Moscow 1982).

1 P-QB4, P-K3; 2 N-QB3, P-Q4; 3 P-Q4, B-K2; 4 PxP, PxP; 5 B-B4, N-KB3; 6 P-K3, 0-0; 7 B-Q3, P-QN3; 8 N-B3, P-B4; 9 N-K5, B-N2; 10 Q-B3, QN-Q2; 11 0-0, P-QR3; 12 Q-R3, P-N3; 13 B-R6, R-K1; 14 P-B4, B-Q3; 15 B-KN5, B-K2; 16 P-B5, PxQP; 17 PxNP! NxN; 18 BxN, BxB; 19 QxP ch, K-B1; 20 PxQP, NxP; 21 BxN, PxB; 22 R-B3, R-K3; 23 QR-KB1, R-B1 (if BB1; 24 QxP wins the other bishop); 24 QxB, Resigns.

POSITION No. 424

BLACK (12men)



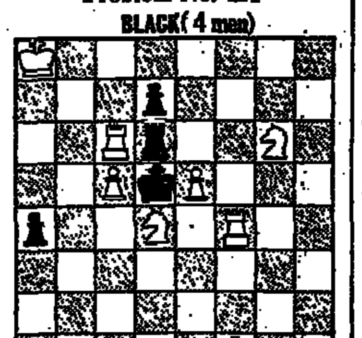
WHITE (12men)

J. van Wert v. P. D. Price, Amsterdam 1982. White (to play) continued 1 N x N and eventually drew. What did he miss?

The annual fixture between the London Stock Exchange and the Amsterdam Bourse began in 1931 and is among the longest-running international chess fixtures. Amsterdam, playing at home, won this year's eight-board, double-round match by 8½-7½. Maximum points for London were scored by R. G. White (Scrimgeour Kemp-Gee) who first took part in the match 50 years ago; and by F. E. Leonard, partner of Phillips and Drew and the guiding spirit behind the recent grandmaster tournament. Chess sponsor firms Grieveson Grant and Phillips and Drew between them provided six of the eight London players.

Problem No. 424

BLACK (4 men)



WHITE (8 men)

White mates in two moves, against any defence (by S. Methal).

Solutions Page 12

BRIDGE

E. P. C. COTTER

IN MY FIRST example today, which occurred in a rubber of high standard, the declarer played brilliantly to land his game contract:

	N	
	♠ K J 4 3	
	♡ K J 8 2	
	♢ A J	
	♣ 6 5 4	
W		E
♠ 8 6		♠ Q 10 9 2
♡ 7		♡ 9 4
♢ K Q 10 9 8 7		♢ 6 5 3 2
♣ A Q 9 3		♣ J 10 7
	S	
	♠ A 7 5	
	♡ A Q 10 6 5 3	
	♢ 4	
	♣ K 8 2	

East dealt at game to East-West, and after a pass South opened the bidding with one heart, West overcalled with two diamonds, and North raised his partner to four hearts, which became the final contract.

When West led the diamond King, the declarer could see nine top tricks, and at first sight it seemed that the contract depended upon avoiding a loser in spades, either by dropping the Queen or by a successful finesse. But, looking deeply into the position, South saw the solution, an elimination play.

Winning the diamond King with dummy's Ace, the declarer drew trumps in two rounds with Ace and King, and cashed Ace and King of spades. Then came the key play. The diamond Knave was returned from the table, and on this South's seven of spades was discarded. West was forced into the lead, and was endplayed. Whatever he played would be fatal. A club return would set up declarer's King, a diamond would concede a ruff discard.

"Oh! very convenient," you say, "for West to hold only two spades." You miss the full beauty of the declarer's play. If West has another low spade and leads it, the suit has broken, and the fourth spade is established. If West has the Queen left, he is equally helpless, and let me add, if he started with four spades, headed by the Queen, he still cannot escape.

I accept your apology!

The second deal is again from a rubber, but the standard was lower:

	N	
	♠ K 8 4 3	
	♡ 6 4	
	♢ 9 7 5	
	♣ Q 10 6 5	
W		E
♠ Q J 10		♠ 5
♡ K 7 5 2		♡ J 10 9 8 3
♢ Q 10 8 3		♢ A 6 4 2
♣ 9 8		♣ 7 4 3
	S	
	♠ A 9 7 6 2	
	♡ A Q	
	♢ K J	
	♣ A K J 2	

North dealt with both sides vulnerable, and after two passes South said two no trumps, North tried three clubs—Stayman, not Baron—South rebid three spades, and North gratefully raised to four spades.

West led the spade Queen, won with the Ace, and declarer returned a spade to the ten and King. Now a heart was led, East playing the Knave, and the Queen finessed, losing to the King. West cashed his Knave of spades, and exited with the heart two. South won, made his clubs, finishing on the table, led a diamond, and played the Knave. West won, and led back a diamond for East to take the setting trick. "Unlucky guess in diamonds," said South, by way of excuse, and North did not question his partner's summing up. But was South unlucky? Let us replay the hand together, and see what we can do.

We win the opening lead on the table with the King, return a heart, and finesse the Queen. If the finesse wins, the contract is secure. As the cards lie, West takes with the King, and continues with the spade Knave, East showing out. We win in hand, cash the heart Ace, and run the clubs. West wisely refuses to ruff, but all to no purpose. We throw him in with a spade to his ten, and now he has to lead a red suit. A heart lead concedes a ruff discard, and a diamond lead eliminates the guess for the declarer.

PROPERTY

Market awash but still moving

BY JUNE FIELD

RESIDENTIAL property—estate agents' registers are awash with it. *Big and small, beautiful and* brash, the stately and the insignificant. The proliferation of "For Sale" boards, and the numerous "give-away" property newspapers and magazines issued by agents around Britain all indicate the wide choice of homes on offer. One southern counties' agent was advertising that they had over 2,800 properties, admittedly spread over nine different towns.

"But we are selling, even though we seem to have as much as ever on our books," insists Mr David Woodcock, partner in Charles Hawkins and Sons, East *Anglian estate agents whose* practice was acquired last week by Lloyds Bank.

"The *activity in the market*, which has not slackened off even with the Falklands crisis, has been at exceptional levels," says Mr Woodcock, who joined the long-established firm over 15 years ago. (Charles Hawkins *started the business in 1864 at* Downham Market.)

"The biggest demand is at the bottom of the market, in the first-time buyers' sector, £16,000 to £25,000. The executive middle-market is still not good, but there *is* quite a lot of life at the top." And while he admits that the end of October to January was a thin patch, during the last 12 months, through their six offices (King's Lynn, Norwich, Downham Market, Dereham and Diss), they have sold more houses in a year than ever before.

"Our total sales last year were about £30m, which represents a fair chunk of mortgage *money", is how he answers the* question why they were the target for the bank to launch themselves into estate agency: "It was a logical link. We are a medium-sized firm whose residential sales are in the £30,000-average class, and we were looking to make a step forward. For us both it will mean a *tremendous cross-flow* between property and finance."

The new firm will continue to be *known under its old name*, and will trade as a company of unlimited liability under the management of the former partners, all of whom are members of the Royal Institution of Chartered Surveyors. *Currently the firm issues a* quarterly review of properties on offer throughout Norfolk, which has a house-to-house blanket circulation in towns where they have their offices. "We want to maintain and improve our range of services, and one of our steps forward could be computerised mailing."

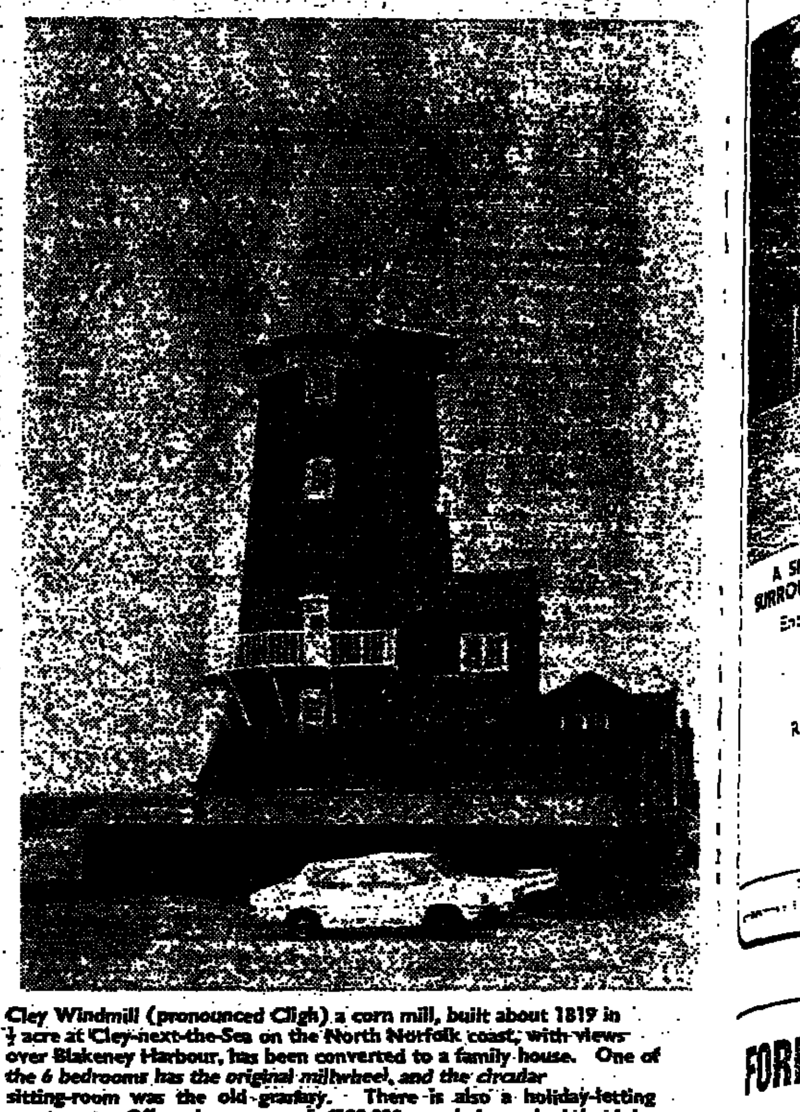
"Our biggest and best Property Supplement yet," say Savills of their fifth colour booklet to be published on Monday. Spread over 80 pages there are 129 country, agricultural and London properties, whose total value is over £75m. It is being direct-mailed free to over 1,500 applicants on their *head office register, as well as* to 1,200 estate agents, 1,100 bankers, solicitors, accountants *and stockbrokers and to various* outlets in America, Europe, the Middle and Far East. The professionally produced publication is a valuable marketing aid as well as giving an interesting picture of some of the quality homes that are on offer in Britain.

"And it also creates a sense of euphoria and excitement among both sellers and buyers which in turn gets passed on to those whose job it is to promote the goods," claims Mr Richard Field, Savills' marketing director. "The number of *instructions* that we have recently received after the doldrums of the early part of the year, many sparked off by Hever Castle going up for sale, all contribute to the creation of a more active market at all levels."

On Tuesday, Strutt and Parker, who have 13 regional offices in addition to their Hill Street, London, W1 office, open in Exeter at 24, Southernhay West, in association with Michelmore Hughes. At the same time they are producing four regional property lists covering country houses, cottages and farms in East Anglia, the South East, South West and West Midlands, and East Midlands and Northern England.

In the north, they report that in terms of price, the £80,000 to £125,000 house is attracting keen interest, and that the most *sought* after areas tend to be Rutland, Leicestershire, and the borders of North Yorkshire with West Yorkshire. There is speculation that proposed new roads linking Leeds with the A1, and the by-pass of Harrogate and Knaresborough, could push values higher to the north and east of these towns.

● Free property supplements or reviews from Mr D. Woodcock, Charles Hawkins, Bank Chambers, Tuesday Market Place, King's Lynn, Norfolk: Mr R. Field, Savills, 20 Grosvenor Hill, London, W1: and Mr Anthony Ball, Strutt and Parker, 13 Hill Street, London, W1. (Say what area you are interested in).



Cley Windmill (pronounced Cligh) a corn mill, built about 1819 in ½ acre at Cley-next-the-Sea on the North Norfolk coast, with views over Blakeney Harbour, has been converted to a family house. One of the 6 bedrooms has the original millwheel, and the circular sitting-room was the old granary. There is also a holiday-letting apartment. Offers in excess of £100,000 are being asked by John Carlson, Savills, 8-10 Upper King Street, Norwich (0603 612211).

Pheasantry House, on part of the site of The Pheasantry, Chelsea's famous landmark in the King's Road, London, SW3, where a show apartment designed by Leila Corbett opens today and tomorrow 11-4. Seven apartments, with two or three bedrooms are from £82,000, with a four bedroom penthouse £200,000. Brochure from Tom Hartley, Winkworth, 289 Brompton Road, London, SW3 (01-584 8885)

In a Chelsea bird market

FOR A central London apartment in the upper price bracket to attract when there are so *many on the market, means* providing something a little different. And a smart new small block launched today has a special ingredient in that it is part of The Pheasantry, one of Chelsea's most distinguished landmarks, finally rescued from 10 years of vandalism and neglect during which much of *the original site was demolished.*

Although said to be first built as a private house in 1765 by Mr Charles Newcombe Baker, 100 years later one of the family was advertising "the Versicolor or Japanese Pheasant, with first and second cross, which cannot fail to be interesting to all desirous of improving the breed."

Around 1881 the French family Joubert took over The Pheasantry. They were "Decorators, Painters, Gilders and Upholsterers," as well as "Agents for Lyons Silks, Aubusson Tapestry and Importers of Oriental Carpets," as the panels on the front of the building still record. And in keeping with their trade they transformed the English farmhouse into a 17th-century French *manoir* by giving it a red brick and dressed stone façade with wrought-iron balconies in Louis XV style, adding a portico and statuary at a later date. In 1916 they acquired the Russian Princess Astafieva (1876-1934) as a tenant, who started a ballet school there numbering among her pupils *Anna Neagle, Anton Dolin*, Markova and Fonteyn. Then for about 34 years, until 1966, it became the Pheasantry Club and restaurant, "subscriptions Artists 10s 6d; Ladies 15s; Gentlemen £1. 1s 0d." Augustus John and Annigoni were habitués.

Residents in the seven well-equipped apartments at *Pheasantry House—newly built* by C. H. Pearce and Sons of Bristol, who are responsible for the development and restoration of the whole site—inherit all this ambience. They will also have the convenience of the new French restaurant to be opened in the old club premises, as well as the hairdressers, fashion store and stationers already installed. The two- and three-bedroom apartments are from £82,000, and the stylish show unit designed by Leila Corbett can be bought complete with all the sophisticated furnishings for £105,000. It opens today and tomorrow from 11 to 4. Details from Mr Tom Hartley, Winkworth, 289, Brompton Road, SW3, who tells me that he is expecting the *accommodation to appeal to* out-of-town buyers, British or from overseas, who want a conveniently situated, easy-to run *pied à terre*, with porterage and parking space.

هكذا من الأصل

LEISURE

The best of British spas

TRAVEL

SYLVIE NICKELS

THIS IS NOT the place to add to interminable arguments over the benefits or otherwise of spa waters. The facts are that they have been put to some form of use more or less since we washed off our woad, and that their fortunes have fluctuated along with medical and social fashions ever since. One of the greak peaks was reached in the 18th century and one of the great troughs in 1976 when the National Health Service decided to opt out of any commitment to the "taking of the waters."

Another fact is that spa resorts are often extremely pleasant places which accounts for the modest but tangible current trend towards their promotion. When Daniel Defoe came to Bath early in the 18th century he described it sourly as "a place that helps the indolent and the gay to commit that worst of murders—to kill time"; but what a delightful place in which to kill it. In any case, Bath had—and has—other views on the subject.

Defoe's visit to the spa came soon after Queen Anne's which set upon it the seal of fashionability. It already had a splendid Perpendicular abbey and now, in the following decades, was added a surrounding grandiose elegance. The glorious honey-coloured local stone, declared useless by London architects, was exploited to magnificent effect by Yorkshiremen John Wood the Elder and the Younger, and against this setting the amazing Beau Nash took charge of the manners and public relations of one of Europe's most stylish resorts.

Despite some earlier Roman discoveries, the site of the city's spectacular Roman Baths remained unknown until, in the 1870s, they were discovered by chance while the city engineer was investigating a leak. Today, the Abbey, the Pump Room, the Roman Baths and adjoining museum provides a unique cluster of urban history in the heart of what was once the walled city of Bath. A major archaeological programme continues to make fabulous finds concerned with the life and times of those early masters in the art of good living in which the Bath waters played such a dominant role. And now, quite possibly, it may all be about to happen again.

In 1979, Bath made the devastating discovery that its waters were contaminated and the taps, so to speak, were smartly turned off. Now, pure sources have been thoroughly investigated and Bath's rebirth as a fully operating spa is currently under discussion, involving a multi-million-pound plan and a consortium with international (including Roman!) interests. If agreed, it will entail the massive refurbishing of existing baths and treatment centre, and the addition of at least two hotels with treatment facilities. Arguments over the pros and cons of the venture have echoed round the city precincts. A final decision is imminent.

This ambitious project—rather sadly perhaps—kept Bath aloof from a recent promotion by the British Spas Federation in co-operation with the British Tourist Authority, aimed at reviving interest in atmosphere and style as for their therapeutic qualities. Nine are described in an informative free folder *"The Spa Resorts."*

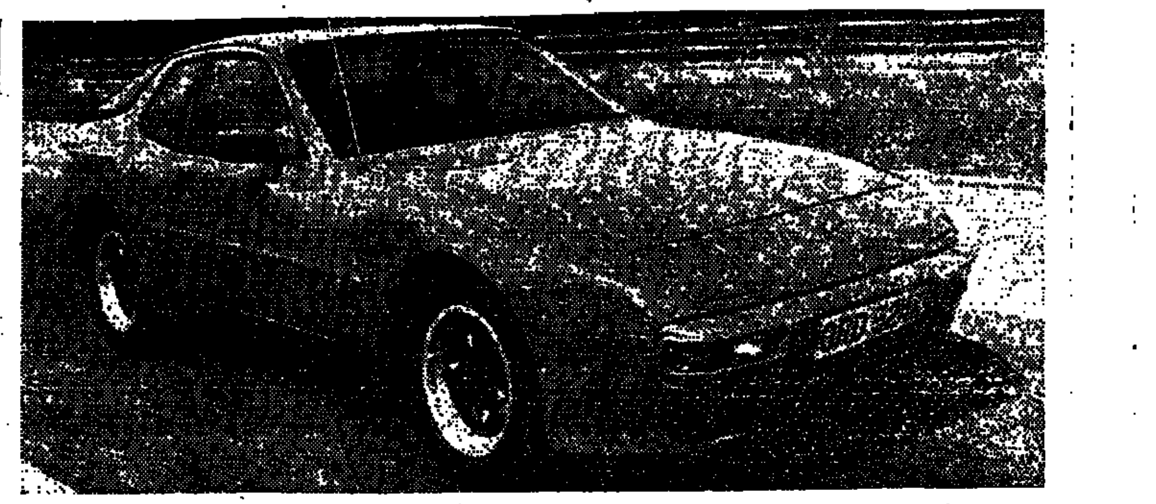
Four of them—Cheltenham, Malvern, Droitwich and Royal Leamington Spa—are fairly close to each other in the heart of that most English of scenery as epitomised by the Cotswolds, the Malvern hills and the sweeping Warwickshire countryside. Malvern happens to be the source of my favourite spa tipple

Many of the methods used in the early days of spa treatment sound more like forms of medieval torture. They have, of course, been thoroughly refined and, as far as most British spas are concerned, nowadays consist mainly of a gentle imbibing of the waters. Many swear by the results. The people who ran the café adjoining St Ann's Well (the café being on a mains water supply and not officially allowed to draw from the source!) regailed me with stories of cures before I walked on up to Worcester Beacon where, at nearly 1,400 feet, my horizons ranged from the Cotswolds to the Radnor Mountains.

Such excursions are among the bonuses of many of our spas. Some have obvious other attractions, such as Cheltenham's races. Across the border in Wales, Llandrindod Wells is ideally placed for varied touring of the Principality and is currently putting the finishing touches to a major restoration of its spa buildings. Visitors who chance upon it between September 11-18, incidentally, will find themselves stepping back a century for the whole town will be enacting its Victorian Festival. Up in Yorkshire, Harrogate has moved smartly into the 1980s with its spanking new Conference Centre, recently playing host to the European Song Contest. The three remaining spas covered by the promotion are Buxton in Derbyshire, Royal Tunbridge Wells in Kent and Woodhall Spa in Lincolnshire.

Further information: The Spa Resorts is available in English, French, German and Dutch from BTA offices overseas and from 64 St James's Street, London, SW1A 1NF. Information on Bath from the Director of Leisure and Tourist Services, Pump Room, Bath. Somerset House is at 10 Dunsford Place, Bathwick Hill, Bath, Avon BA2 6HF.

The Circus, Bath



The Porsche 944. Not at its best in town, but a magic carpet for two on the open road.

Porsche's super cruiser

MOTORING

STUART MARSHALL

THERE ARE horses for courses—and occasions when a Porsche 944 is an unattractive mount. In town, for example. The non-powered steering is heavy and winding the car in and out of confined spaces is laborious. Poor visibility to the front and rear quarters is an embarrassment in thick traffic. At low speeds, the five-speed gearshift and long throw clutch are awkward.

My initiation was to run the delivery driver down to the station, where I had trouble extricating the Porsche from the Rover and Jaguar crowded yard. When reversing, you can't see the road within 20 feet of the back bumper. I began to wonder if Porsche had done the impossible and produced a car I wasn't going to enjoy.

But I need not have worried. That evening, a dental surgeon friend of mine who is as knowlegeable about cars as he is about impacted bicuspids (or whatever) called round to see me. He had heard that the 944 was standing in my drive.

As we headed into Sussex, I explained that I had only put a few miles on the clock and the run would be as much a voyage of discovery for me as it was for him. Within minutes, everything had changed. The Porsche 944 revealed its virtues and I forgot about its urban vices.

Its 2.5 litre four-cylinder engine has been developed from one of the cylinder blocks of the 4.5 litre V8 that powers the 928. So large a four cylinder might be expected to be a bit rough. Porsche solve the problem at source by using twin contra-rotating balancing shafts hidden in the block. The technique, invented by Dr Lanchester in the early days of the century and widely used today by Mitsubishi in their Colt range, kills vibration. At 6,000 rpm, which the 944's engine whips up to willingly, it feels like a good multi-cylinder.

The reason why the 944 has a four and not six-cylinder engine is all to do with fuel economy. A four has fewer moving parts than a six or V8 and lower frictional losses. As a result the 163 horsepower 944 has comparable fuel economy to the 125 horsepower 2-litre 924 model: a consumption of nearly 30 mpg, given iron self control, or in the middle 20s if you are really using the performance. From 0-62.5 mph takes 8.4 seconds in the manual 944, 9.6 seconds in the optional automatic, though both versions have the same 137 mph maximum speed. The manual, geared for a shade under 23 mph per 1,000 rpm in fifth, is a relaxed motorway cruiser.

The 944 was developed from the 924 Carrera GT which ran flawlessly as a prototype in last year's 24 hour race at Le Mans, finishing seventh. Because the 2.5 litre engine is made of light alloy, it is considerably lighter than the 924 Turbo's unit. Weight distribution is a perfect 49.51 balance between front and rear wheels—the entire transmission is rear mounted with the engine alone up front.

To be honest, the 944 is straining at the leash all the time it is held down to legal limits. On winding roads, its all-independent suspension and 70 series Pirelli CN36 tyres allow 60 mph to be sustained as though the bends weren't there. It is a car that one thinks around corners rather than consciously steering it. The ride, given that there is a fair amount of tyre thump on rough surfaces, is comfortable. The seats are firmly supportive but don't feel like orthopaedic beds. Though nominally a two-plus-two, the rear seats have negligible leg room unless the front ones are pushed well forward.

Porsche say the 944 is fine for two adults and two children and I suppose the back seats could take a couple of adults, too, if those up front sacrificed most of their legroom. But I see it as a two seater, a super long distance cruising car

So why buy a 944? Not, I would have thought, as a management tool, because its worst aspects come to the fore in town and that is where most business motorists perforce spend a lot of time. But as an indulgence; a reward for hard and profitable work? I think so. It really is a car one takes out for the pleasure of driving; a car in which the journey is an end in itself.

Standard equipment for the UK market, where the manual five speeder costs £12,478 and the automatic £13,478, includes a top quality stereo radio and tape player, electric windows, tinted glass and washers for the disappearing headlamps. One can flash an overtaking warning on auxiliary lamps set in the bumper. There is a rear wiper, but no wash—it's only needed to clear raindrops off the glass before one drives away. The mirrors are electrically adjustable.

The British market is important to Porsche. That being so, they really should convert the front and rear screen wipers to right-hand drive. The unwiped blind spot in the top right corner of the windscreen is a black mark I am compelled to award to an otherwise hard to fault out - of - town driving machine.

How long do the best last?

WINE

EDMUND PENNING-ROWSELL

AMONG THOSE who buy vintage wines to lay down, the question most often heard is, "when will it be ready to drink?" It is not so much that the questioner is dying to draw the cork, as that he or she is dreadfully afraid that they will "miss" the wine at its best, and find that their cherished bottles, bought some years ago after prolonged consideration, are past their best before a glass has been drunk.

Generally speaking, they have little to fear. Most vintage red wines with claims to distinction have a considerable span of life, and after climbing slowly to maturity will thereafter remain on a plateau for some time; and thereafter go down hill gradually. Fine white wine too will often have a longer life than is expected. I do not always entirely follow Michael Broadbent in his splendid *The Great Vintage Wine Book* in some of his forecasts of longevity. I would not think, for example, that Latour 1959 can be kept until 2050, or that Mouton-Rothschild 1971 will still be at its peak in 2010; though I shall not be there to see even on the earlier date. But there is nothing impossible about a fine claret lasting 100 years, let alone a mere 40. It all depends on the vintage and the character of the wine itself. However, he is right to emphasise that good vintage wine keeps.

Indeed it is almost certainly true that much more wine is drunk too soon than is left too long before being opened. This particularly applies to wines in restaurants, few of which have the resources to lay down wine for any length of time, and so their customers often have to accept immature red wines, and, not infrequently, fine white wines too. For it is widely assumed that white wines are ready to drink as soon as they are put into bottle. This is true of the lesser types, such as Muscadet, Sancerre, the minor Alsace, Austrian and German wines; and the Italian whites.

Even here there may be variations in the time scale, and much depends on personal taste. I remember saying to an excellent producer of Sancerre that I found his wine a bit green when first bottled in the April after the vintage, and that it had rounded out by Christmas. "Not at all," he replied, "I like it best in the January after it has been made." *Chacun à son goût!* Yet only the other week I drank an excellent bottle of Sancerre Clos de la Poussie 1978 that had escaped notice in my cellar. I do not know whether it was better for being kept, but it was certainly no worse.

Moreover, fine German wines are nearly all drunk too soon. The 1971 Spätlese and Auslese Rieslings from the leading estates are delicious today. On the other hand, the more recent, generally rather poor years are unlikely to develop very much in bottle. It is all a question of balance. So the 1976s, coming from an exceedingly hot year, are inclined to have too much sugar in proportion to acidity; and it is the acidity that keeps a wine, red as well as white; though if there is too much of it, a wine will dry up, as shown, for example, in the 1957 and 1972 clarets.

Certainly fine white burgundies improve with age, though the 1976s seem to share a lack of acidity with the German wines, and it might be as well to drink them fairly soon, and keep the better-balanced 1978s. Yet not only are the 1973s still excellent, but so are many of the 1971s; and recently I drank English-bottled 1966 Meursault-Genevrières and Puligny-Combettes that, although coloured, were beautifully full and round. I mention that they were English-bottled, because wines shipped in bulk are likely to last less long than those bottled at source. This is not to say that all French-bottled 1966 white burgundy is still in fine condition. It all depends, and as with champagne of some age, it is also a matter of personal taste.

Then, the late Henri Woltner, who made the fine white Graves, Laville-Haut-Brion, used to say that no fine white Graves should be drunk before it was 10 years old. Accordingly, when I recently opened a bottle of white Domaine de Chevalier 1970 I was not surprised to find that it was still very pale and fresh, while having plenty of fruit and flavour; it should still last years.

When it comes to red wines a great deal depends not only on the vintage but on the class of the wine. Whereas, for example, it would be a pity, as well as disappointing, to open a good classed-growth 1975 claret, the *petits châteaux* are drinking very agreeably today. One may say the same about the 1970s. It is a much a mistake to think that a "small" wine of a good vintage will keep as well as a *grand cru*, as to open the latter prematurely. Similarly one cannot expect a good Rully or Givry from the Côte Chalonnaise to last as well as a Gevrey-Chambertin or Vosne-Romanée.

In the case of clarets this variation between the great and the small may be increasing, the gap widening. For technical and scientific knowledge and skills are increasing rapidly, as the Californians have demonstrated so clearly; but they are often expensive to apply. An instance of this is the recently developed anti-rot sprays, that have greatly reduced the risk of rot at the time of the vintage. But they are expensive and have to be applied four times, beginning in May, when it is quite impossible to forecast the weather in the following four or five months. Only the wealthier estates can afford this. In a generally fine year, such as 1975 or 1978 this problem will not arise, but in a relatively light vintage such as 1976 or 1979, the classed growths may have a much longer prospect of longevity than the lesser wines, and in indifferent years like 1974 and 1977, better quality prospects. Already some of the 1979 *petits châteaux* make agreeable drinking, while the classed-growths, forward as they seem now, can wait.

It is certainly true that red burgundy does not last as long as claret; at least in the conditions that much of the former is produced today. For while many of the 1966s, 1969s and 1971s seem to be on the light side, the 1959s, 1953s and 1952s often appear to have more body and life. Beaujolais, too, it seems to me, keeps less well than it used to do. No one wants to pursue it into old age—though I have drunk excellent cru wines 20 years and more of age—but nor do the better wines of Moulin-à-Vent, Morgon or Julienas have to be drunk up with the haste demanded for Beaujolais Nouveau. Not so long ago the wines from the crus were given a little time to develop in wood, and the bigger types bottled not long before the succeeding vintage. Now they are probably rushed into bottle in February or March so that they may be drunk "fresh." Certainly they do, but they tend to lack individual character.

However, the big, fruity 1976s can still taste excellently, as I can testify from bottles of Moulin-à-Vent and Fleurie, bottled in England. It is said by some that, owing to the very hot summer, the 1976 cru beaujolais are not "typical," but they were more like some of their successful predecessors than their successors have turned out.

Wine is so variable that it is impossible to give a confident, accurate answer to the question raised at the beginning of this article. It can only be suggested that in the cellar fabian tactics might pay off.

ARTS

Russian roulette

BY B. A. YOUNG

The first of eight parts of *Russian Roundabout* on Radio 4 last Saturday was full of Eastern promise. The last lot of travel talks they had on Saturday were more or less guide-book stuff, it seemed to me. Now we have the story as seen by someone who cares about making a story of it instead of just dealing out the facts.

Joseph Hone began his 10,000 mile journey around Russia with a stay in Moscow that labelled him an innocent abroad. No guided tours for him—he was going to explore Moscow as he might explore anywhere else. He would go to the races; he would eat caviare in the restaurant at the National Hotel; he would drink vodka in the Dollar Bar; he would have an evening with Yevtushenko, to whom he had an invitation in his pocket.

Nothing like this happened. No one knew where or when there were any races. The tables in the restaurants were all booked, the bar was closed, Yevtushenko was in Italy. The glamorous girl who, if necesary, would be his guide proved to be the normal producton-line article. There was a visit to an Orthodox church, but he arrived just as the service ended, and somehow he found himself involved in a funeral, gazing down at the deceased in his coffin.

One thing that he expected seemed to be turning out right. In his hotel bedroom, the act of turning the taps on led to a sound of voices from the next room. They were loud enough to provoke him to complain, but he was told the room was empty. Whatever strange system of bugging was at work persisted the next night, however, only from the room on the other side—which of course, on inquiry, proved to be empty. On the third night, the voices were in his own room. He switched on the light. And saw nothing. Someone—not the official guide, I suspect—told him that those rooms had been occupied by Lenin after his arrival at the Finland Station, and what he could understand of the conversation matched what Lenin's conversation might have been.

The mixture of fact and legend is a splendid formula for travel talks, and I look forward keenly to the next seven.

More good travel stuff on Radio 4 on Friday, in a programme called *Asian Links*. In this, Asians living in England—Sikhs from the Punjab, as it happened—talked to Towyn Mason about their enduring connections with their own country. Once again, I felt this was the way to hear about distant places, through the voices of people able to make an enjoyable narrative of the facts. It was fascinating to hear a Sikh telling Sikh jokes, which correspond to Irish or Andorran jokes. Sikh joke: at a sale of second-hand brains, one has a price attached to it far higher than the others. Why was this? Well, this was a Sikhs brain; it was hardly used.

It was fascinating to hear a Sikh play about General Dyer and the massacre at Chillianwallah. And about Sikh religion and customs and village life, all told by Sikhs with nostalgic affection. I simply loved the Midland policeman who organised the Sikh dances, with his genuine Midland accent.

It was interesting to hear Christopher Hampton's first play again, *When Did You Last See My Mother?*, in Radio 4's irregular series of Dramatic Revivals. Last time I saw it, at the Theatre Upstairs in 1970, I recommended the writer to junk it and write another play using the same raw material—advice that I seem to offer rather freely these days, now that directors seem to do so little to help new writers write better plays.

When Did You Last See My Mother? is a moving play, perhaps more so now that its subject, sexual friendships between schoolboys, may be openly spoken of. The basis of the plot, sad unlikeable Ian's seduction of Jimmy's mother because she is the nearest thing he can get to Jimmy, is a sound dramatic idea, but I find the lady's suicide, after Ian has crudely told her the truth, goes too far; and Jimmy's final surrender to Ian (knowing nothing of why his mother died, of course) is a sentimental happy ending, no matter how much it is disguised that I don't think Mr Hampton would have allowed himself later in his career. He would have contrived his entries and exits better, too.

But it is a play that holds the attention, and the 1967 production under Archie Campbell does it justice, though the voices of Simon Ward and Victor Henry as Jimmy and Ian both sound too old. Gwen Watford I recall in an earlier stage production catching me by the heart, and so she did here, as Jimmy's mother. The long scene in which Ian uses every unfair dodge in the world to win first her pity and then her love is the genuine forecast of Mr Hampton's later talent.

RSC on the move

BY MICHAEL COVENEY

The Royal Shakespeare Company has moved quietly into its new London home in the Barbican Centre, where the greatest political play in the language, *Henry IV, Parts One and Two*, opens to the Press on June 9.

"So shaken as we are, so wan with care. . . ." is the opening line pronounced by the fading monarch before Prince Hal and Falstaff line up in front of the body political of a seething, strife-torn nation to debate, in scenes of tumultuous comedy and vivid high-level wrangling, the fate of our sceptred, sceptic isle.

It is 50 years, almost to the month, since the RSC's Stratford-upon-Avon base opened on Shakespeare's birthday with the same double-bill. The Prince of Wales, Prince Edward, was in the audience (at least for the first part) and the production was a shambles. The actors were tired after a period of rushed rehearsals and the Memorial Theatre show lived up to the chaotic, provincial reputation of Stratford Shakespeare.

How things have changed. The RSC now has a £3m Arts Council grant. The company has been previewing *Henry IV* since May 7. The theatre has been built to specifications worked on for nearly 20 years and, despite everyone's misgivings about the Barbican location (Alphaville and Muggers' Paradise are two descriptions that spring to mind), joint artistic director Trevor Nunn describes the new theatre as "a jewel set in a concrete sea."

How exactly things have changed is the subject of a brilliant, enthralling, gracefully written book published this week.* Sally Beauman's title is a slight but forgiveable misnomer, for the RSC only came into existence in 1960. That was the year Peter Hall took over the Shakespeare Memorial Theatre, renamed it the Royal Shakespeare Theatre; established the RSC with a London base at the Aldwych (despite fierce opposition from the National Theatre lobby), issued three-year contracts to 16 leading and promising actors, redesigned the Stratford stage, and commissioned new plays for London from such leading playwrights of the day as John Arden, Peter Shaffer, John Whiting, and Robert Bolt.

It was an astonishing achievement with lasting and, on the whole, beneficial implications. In 1962 the RSC was promised its first subsidy. In the following year, on a grant of £47,000, Hall and John Barton produced the Wars of the Roses sequence of Shakespearian histories that remains (despite the fashionable, wiser-with-hindsight comment of late) the single most important event of the RSC's history.

Hall appointed his successor, Trevor Nunn, in 1968 and, 14 years on, "Trev," as he is generally known, is still at the helm, although he shares command with Terry Hands. Hands supplies the valuable antidote of Teutonic excess and heavy-handed humour to the socially precise and poignantly melancholic productions of Nunn and John Barton.

Flexibility has always been the great strength of the RSC. Two of its biggest hits in the 1960s were stop gap productions: Clifford Williams's irrepressibly inventive *The Comedy of Errors* and Nunn's glistening, black and white *The Revenger's Tragedy* (the show that sealed his future). Just as Hall felt that Shakespeare could only flourish if the company was fully committed to contemporary work, so the RSC has stealthily moved with the times. Peter Brook's *Marat/Sade* (1964) introduced wide audiences to Arnaud's Theatre of Cruelty (quite apart from being an unforgettable evening) and confirmed the broadly radical company outlook.

Throughout the 1970s, the RSC responded to developments in the fringe theatre: their first small-scale season was at The Place in London in 1971, and Buzz Goodbody's wonderful *Hamlet* opened Stratford's The Other Place in 1975. The Warehouse, a venue for new plays by young fringe writers and studio productions of the classics, opened under Howard Davies in 1977 and, in the same year, the company paid its first annual visit to Newcastle. In 1978 Ian McKellen led an RSC task force around unfashionable northern towns.

In compiling her history, Miss Beauman reveals that such issues as touring, finding a London base for the Memorial Theatre Company, the fight for a permanent ensemble and the debate of "how to do Shakespeare" are nothing if not old-hat. She draws heavily, but most constructively, on the correspondence of the Flower family (who turned the Shakespeare Stratford festivals into a permanent memorial), prompt copies of old productions and such key historians as J. C. Trewin and W. A. Darlington.

Gerard Murphy as Prince Hal and Joss Ackland as Falstaff in Henry IV Part I now in preview at the Barbican

In 1925 Shaw roundly declared that Stratford needed a new theatre. Fate obliged, and the old one was destroyed by fire in the following year. The 1932 building, munificently funded by American big business (Rockefeller, Harkness and Guggenheim all supported the appeal) was built for £250,000 to the designs of Elizabeth Scott which, in 1928, were the first by any woman to win an architectural competition.

The story of Shakespeare in Stratford is crucial to our theatrical history. To start with, Avonside bardolatry played poor second fiddle to the city slickers: Frank Benson was as scorned beside Henry Irving as were, later on, Randle Ayrton and Donald Wolfit beside John Gielgud. The posh stars never went to Stratford, even though a Stratford/London link-up was suggested by Tyrone Guthrie as early as 1938.

The tide turned after the war when, within six years of Anthony Quayle's appointment as artistic director, Olivier, Richardson, Gielgud, Ashcroft and Redgrave had all fired in Stratford. Peter Hall built on this star system to establish one of the world's greatest companies.

The signs are that the current crop of young directors is about to make its mark both in Stratford and London. The business of protegés and "the succession" is as absorbing at the RSC as in *Henry IV*. To remain vital, the RSC must be alive to new influences and iconoclastic measures. One only hopes such activity is not trodden into the Barbican's thick pile orange carpet and hoovered up in the daily cleaning operation.

**The Royal Shakespeare Company: A History of Ten Decades* by Sally Beauman. Oxford University Press, £12.95, 388 pages.

Sadler's Wells Gala

BY CLEMENT CRISP

Sadler's Wells, which next year celebrates the tercentenary of a theatre in Rosebery Avenue, has financial problems. This in itself might not be news, but Peter Wright's gala on Thursday night stressed something very important about the Wells which is in danger of erosion through lack of funds: its identity as a house for visiting troupes as well as home for half the Royal Ballet. Mr Wright made his point by inviting guests from companies we have seen, or may hope to see, at the theatre—the Houston Ballet, Dutch National Ballet, Royal Winnipeg Ballet—as well as showing new choreography, which is vitally one of the functions of the Wells Royal Ballet.

The guests and the various special items were introduced by distinguished figures from theatre and television: Evelyn Laye, Christopher Gable, Donald Sinden, Lynn Seymour, Clive James (with a novel but convincing explanation of why Australian boys form rugby scrums: they are shying away from girl dancers), Prunella Scales, Kenny Everett and Claire Bloom.

The evening began with a revival of Joe Layton's *The Grand Tour*—Vyvyan Lorrayne a welcome guest in her created role of the American lady who star-gazes during a cruise—and then got down to the real business of guests, virtuosity and unfamiliar dances. Janie Parker and Li Cunxin from the Houston Ballet were shown off in a duet to "Winter" from Vivaldi's *Seasons* in which Ben Stevenson stressed their fluent style (and Mr Li's elevation: he is a fine product of the Beijing Ballet); Rachel Beaujean and Clint Farha were involved in a war-report from the battle of the sexes in Hans van Manen's abrasive choreography to Prokofiev's five *Sarcasms*, well played by Paul Patten. An Ashton novelty was the *Pas de Legumes*, a suite of short dances made for a 1979 film and here given their first stage showing, with members of SWRB disguised in Rostislav Debuzhinsky's witty, edible costumes (three girls as celery were also *Merveilleuses*; Red Cabbage was exactly like a Victorian croquet-playing Miss). The dances are amusing, and never more so than in casting the look-alike Nicholas Ringham and Iain Webb as two pea-pods in a lively duet.

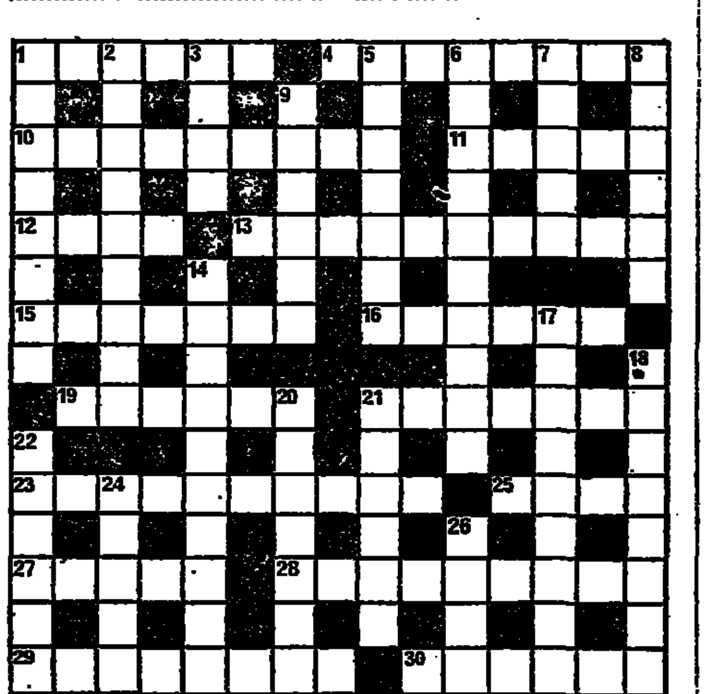
From the Royal Winnipeg Ballet Evelyn Hart was lustrous in the "Belong" duet by Norbert Vesak, with strong support from David Peregrine. The pop score is insufferable tosh; the choreography is facile, but the dancing transcended it totally and was superb. There came next the duet Kenneth MacMillan made for Birgit Keil and Vladimir Klos from Stuttgart in Jack Gold's Granada TV documentary, *A Lot of Happiness*. Set to part of the third Chopin piano sonata, it offers haunting reminders of its Orpheus theme and was given with intense conviction. Peter Wright made an *Adagio* to a Bach/Marcello organ adagio which was a tribute to Galina Samsova's generosity of spirit as of art, in which she was adoringly supported by David Ashmole, Alain Dubreuil, Desmond Kelly, Carl Myers. David Bintley confected an alert, jazzy item to Dave Brubeck music for Merle Park, *en beauté* in black fedora, tuxedo and ravishing legs (Zizi fashion), with Wayne Eagling in a mafiosi wig and a whirlwind of steps, and four other attendant chaps who did nothing, brightly. Lastly Derek Deane drew a loving portrait of Antoinette Sibley, all impetuosity and girlish ardour (and girlish beauty: she looked just 18), in the arms of David Wall, with dancing which did not betray the stature of the Schubert piano impromptu that accompanied it. And as a finale, Kim Reeder elegantly tapped, then led the artists of the company in a rousing chorus in praise of the Wells and of Sainsbury's, who do so much to make more ballet available to more people. If you believe in the Wells and in this cause, you can still join the efforts of a distinguished company by sending financial support to the Sadler's Wells Trust at the theatre in Rosebery Avenue, London EC1R 4TN.

F.T. CROSSWORD PUZZLE No. 4,878

A prize of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London EC4P 4BY. Winners and solution will be given next Saturday.

Name ....

Address ....



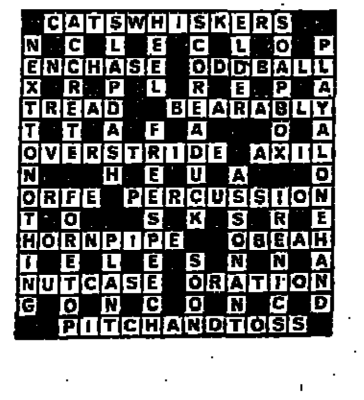
ACROSS

1 Murphy gets big sum at job centre (6)
4 Solicitor-General, about last case, is expressing derision (8)
10 It marks end of passage in broad blue pieces (6-3)
11 Seizure of king by Russian prince (5)
12 First couples from Somerset House call at Hunts (4)
13 Gray's late striker, warning others not to come out (6-4)
15 Suffer pain of curtailed sea-going, possibly (7)
16 Share certificates take time in handwriting (6)
19 At university, who's a pretty boy then? (6)
21 Chest-protector from Munster (7)
23 Principal herald of a sovereign, a smart move (4-2-4)
25 Home fixture for City (4)
27 Strained time in the grammar school (5)
28 Tough teams of cavalry once (9)
29 Controlled horse-power? (8)
30 Footballers seldom at home (6)

DOWN

1 Pygmalion put Galatea on one (8)
2 Tinder for the superstitious (9)
3 Eulenspiegel's money-compartment? (4)
5 Wine-bottle for painter in coffee-bars (7)
6 One to three? (4-6)
7 Fireplace of amazing length (5)
8 Opening "Gerontius," Elgar ordered, clear the throat (6)
9 Oxygen-tubes twisted make one dull-witted (6)
14 They have learned to temper pride (4-6)
17 That part of Texas seized by Cook? (9)
18 Stress energy-speed as one second (8)
20 Inclined to save well by telephone (7)
21 Judges declared him champion (6)
22 Sported in winter, like the shrew in South Dakota (6)
24 Name a single time for the present occasion (5)
26 Capital of Czechoslovakia? (4)

Solution to Puzzle No 4,877



TV/Radio

† Indicates programme in black and white

BBC 1

6.25-8.55 am Open University (ultra high frequency only). 9.05 Sorry Mate, I Didn't See You. 9.30 Get Set For Summer. 11.27 Weather.
11.30 Cup Final Grandstand including at 12.40 News Summary and Weather; 11.30 Cup Final Morning: David Coleman sets the scene inside Wembley Stadium; 12.30 pm The Road to Wembley—relive outstanding moments of this season's FA Cup; 12.40 News Summary; 1.30 Young Player of the Year: Ron Greenwood announces the award for 1981/82; 1.50 Inside Wembley: Bob Wilson meets the players of both sides; 2.45 Abide with Me—the traditional Cup Final hymn—3.00 FA Cup Final: Queen's *Park Rangers v Tottenham* Hotspur; 3.55 FA Cup Final: second half; 4.45 Presentation of the Cup and Medals by Princess Anne; 4.55 Meet the Winners.
5.15 The Pink Panther.
5.40 News.
5.50 Regional programmes.
5.55 The Dukes of Hazzard.
6.45 Pop Quiz with Mike Read.
7.15 The Saturday Film: "The Valley of Gwangi," starring James Franciscus.
8.45 The Val Doonican Music Show with guest Marti Webb.
9.35 News and Sport.
9.50 Dynasty: The story of the rich and powerful Carrington family.
10.40 Match of the Day: Highlights of the 1982 FA Cup Final.
11.40 Night Music.
†12.15 Phil Silvers as Sergeant Bilko.

REGIONAL VARIATIONS:
Cymru/Wales — 5.50-5.55 pm Sports News Wales.
Scotland—11.27-11.35 am Tom and Jerry. 11.35 "Panache," starring David Healy. 12.45-5.15 pm Cup Final Sportscene from Scotland: 97th Scottish FA Cup Final (2.40, 3.00, 3.55) Aberdeen v Rangers from Hampden Park, Glasgow, kick-off at 3.00; FA Cup Final (3.45) Tottenham v QPR at Wembley (highlights); Goal of the Season (1.40) Jock Stein selects his top three and draws the winning postcards; A Question of Sport — The Decider (1.05); World Cup Competition: The draw shortly after 4.40; The Open at Troon (2.00) a look back to the 1973 Open. 5.50-5.55 Scoreboard. *10.40-11.40* Cup *Final* Sportscene (highlights from Hampden Park and Wembley). 12.40 Scottish News Summary.
Northern Ireland—5.50-5.55 pm Northern Ireland News and Sport. 12.40 am Northern Ireland News Headlines.
England—5.50-5.55 pm South-West (Plymouth): Spotlight Sport — Regional results and reports. All other English regions: Sport/Regional News.

BBC 2

6.25 am-3.35 pm Open University.
3.40 High Hopes.
4.30 Horowitz in London. Vladimir Horowitz gives a piano recital at the Royal Festival Hall: Scarlatti, Chopin, Schumann, Rachmaninov (simultaneous broadcast with Radio 3).
6.30 Spitalfields in Crisis.
7.00 News and Sport.
7.15 The Sky at Night.
7.35 Did You See . . .?
8.15 Washington: Behind Closed Doors.
9.45 The Films of Orson Welles: "The Immortal Story," also starring Jeanne Moreau.
10.40 Man Alive: In The Unlikely Event . . . an investigation into the safety of air travel.
11.30 News on 2.
†11.35-1.35 am The Films of Orson Welles: "The Trial," starring Anthony Perkins, Jeanne Moreau and Romy Schneider.

LONDON

9.05 am "Genghis Khan," starring Omar Shariff, Stephen Boyd, James Mason, Telly Savalas, Robert Morley and Eli Wallach.
11.15 World of Sport—FA Cup Final—Queens Park Rangers v Tottenham Hotspur, from Wembley Stadium; 11.20 Team Check with Martin Tyler and Jim Rosenthal; 11.30 Snooker—The John Courage Challenge, from The Cliffs Pavilion, Southend: Steve Davis v Terry Griffiths; 12.00 On The Ball with Ian St John; 12.25 pm News followed by Australian Pools Check; 12.30 Wrestling; 12.45 Snooker from Southend; 1.00 Wembley '82 with Jim Rosenthal, Brian Moore, Brian Clough, Jack Charlton, Ian St John and Fred Dinenage; 2.10 Snooker; 2.40 Wembley '82; 2.45 Abide With Me; 2.50 Here They Come—3.00 Kick Off with Brian Moore and Brian Clough; 3.45 Half-time Verdict; *3.55 Second-half*; 4.40 Final Whistle (If extra time is played at Wembley programmes will be rescheduled as follows: 5.45 News; 5.55 Buck Rogers in the 25th Century; 6.45 Success).
5.15 News.
5.25 Worzel Gummidge.
5.55 Buck Rogers in the 25th Century.
6.45 Success.
7.15 The Cannon and Ball Show, starring Tommy Cannon and Bobby Ball, with Stutz Bear Cats and special guest Bruce Forsyth.
8.00 "Waikiki," starring Dack Rambo and Donna Mills.
9.45 News.
10.15 The Game.
11.15 London News Headlines followed by Bizarre.
11.45 Continental Movie: "Casanova 70," starring Marcello Mastroianni and Virna Lisi.
1.50 am Close: Sit Up and Listen with Michael Hordern.

All IBA Regions as London except at the following times:—

ANGLIA

5.55 pm Chips. 11.15 Vegas. 12.15 am That's Hollywood. 12.35 am At the End of the Day.

CENTRAL

5.55 pm Chips. 8.00 Central's Girl of the Year 1982 Final: Anne Diamond and Bob Warman introduce the contestants and Showaddywaddy sing their latest record. 8.45 Hawaii Five-O. 11.15 Bizarre. 11.45 Vegas.

GRANADA

5.55 pm Chips. 11.15 Superstar Profile. 11.45 "The Sins of Rachel Cade," starring Roger Moore.

HTV

11.13 am HTV News. 5.23 pm HTV News. 5.55 Road Runner, Sylvester and Speedy Gonzales. 6.15 Jangles. 11.15 The Palace Presents: Charlie Callers, Allen Jones, Barbara Eden, Jim Stafford, Señor Wences and Andrea McArdle join host Jack Jones.
HTV Cymru/Wales—As HTV West except: 5.25-5.55 pm Siân a Siân.

SCOTTISH

9.00 am Cartoon. 9.15 New Fred and Barney Show. 9.40 "Genghis Khan," starring Omar Sharif, Stephen Boyd, Telly Savalas and Eli Wallach. 11.45 Scotsport Cup Final Special: 11.55 The Glen Michael Cup Final Cavalcade; 12.30 pm Scotsport Cup Final Special (continued): 12.30 Snooker: Davis v Griffiths 1.00 Scotsport Quiz Final—Weir's Recreation Club versus Pumpherston Bowling Club; 1.30 *Wrestling*; 2.00 Hampden Preview; 2.05 Snooker—Part 3; 2.40 Hampden and Cup Final; 3.45 Half-time; 3.55 Cup Final—Second Half; 4.40 Final Whistle/Cup Presentation—Wembley/Hampden Roundup and Sports results. 5.55 Chips. 11.15 Bizarre. 11.45 Late Call. 11.50 The Streets of San Francisco.

TSW

9.00 am Film Fun. 9.25 The Saturday Show. 10.25 240 Robert. 11.12 TSW *Regional News*. 5.23 pm TSW Regional News. 5.27 Cartoon Time. 5.45 WKRP in Cincinnati. 6.15 Mr Merlin. 11.15 Bizarre. 11.45 The Mechanics. 12.15 am Three's Company. 12.40 Postscript. 12.45 South West Weather.

TVS

5.55 am Saturday Brief. 5.25 pm TVS News. 5.55 The Incredible Hulk. 11.15 The Two of Us. 11.45 Star Parade: James Last introduces John Denver, The Ritchie Family and Vicky Leandros. 12.45 am Company.

(S) Stereo broadcast (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Wake Up to the Weekend with Adrian John. 8.00 Tony Blackburn's Saturday Show. 10.00 Paul Burnett. 1.00 pm Adrian Juste (S). 2.00 A King in New York (S). 2.05 Paul Gambaccini (S). 4.00 Walters' Weekly (S). 5.00 Rock On (S). 6.30-7.30 In Concert (S).

RADIO 2

5.00 am Tony Brandon with The Saturday Early Show (S). 8.05 David Jacobs (S). 10.00 Judy Collins with Star Choice (S). 11.02 Sports Desk. 11.03 The Kenny Everett Fascinating Fact File (S). 1.00 pm The News Huddlines. 1.30 Sport on 2: FA Cup Final: Commentary from Wembley on QPR v Spurs; Cricket: Reports on the Benson and Hedges Cup ties; Tennis: Reports on the Italian Championships semi-finals. 6.00 Country Greats in Concert featuring The Bellamy Brothers. 7.00 Jazz Score. 7.30 Sports Desk. 7.33 Big Band Special with The Radio Big Band (S). 8.00 Big Band Parade: concert by the Don Lusher Big Band (S), including 9.00-9.20 interval. 10.00 Nordring 81 (S). 11.02 Sports Desk. 11.10 Pete Murray's Late Show (S). 2.00-5.00 am You and the Night and the Music (S).

RADIO 3

7.55 Weather. 8.00 News. 8.05 Aubade (S). 9.00 News. 9.05 Record Review (S). 10.15 Stereo Release (S). 11.30 Bandstand (S). 12.00 Haydn String Quartets (S). 1.00 pm News. 1.05 Early Music (S). 2.00 The Symphonies of Mahler (S). 4.30 Vladimir Horowitz: Piano recital from the Royal Festival Hall, London. Part 1: Scarlatti, Chopin (S). 5.10 The Poetry of John Masefield. 5.35 Vladimir Horowitz, Part 2: Schumann, Rachmaninov (S). 6.30 Critics' Forum. 7.30 Sibelius: Royal Liverpool Philharmonic Orchestra concert from the Philharmonic Hall, Liverpool, part 1 (S). 8.20 Barnes' People (S). 8.40 Sibelius concert, part 2 (S). 9.30 Nuclear Weapons and the Atlantic Alliance: Robert McNamara, U.S. Secretary of Defense 1961-68, in conversation with Prof Laurence Martin. 10.15 Emilia Fadini harpsichord recital (S). 10.30 The Great Wall of China by Franz Kafka. 11.00 News. 11.05-11.15 Debussy (S).

RADIO 4

6.25 Shipping Forecast. 6.30 News. 6.32 Farming Today. 6.50 Yours Faithfully. 6.55 Weather, travel, programme news. 7.00 News. 7.10 Today's Papers. 7.15 On Your Farm. 7.45 Yours Faithfully. 7.50 It's a Bargain. 7.55 Weather, travel, programme news. 8.00 News. 8.10 Today's Papers. 8.15 Sport On 4. 8.48 Yesterday in Parliament. 8.57 Weather, travel. 9.00 News. 9.05 Breakaway. 9.50 News Stand. 10.05 The Week in Westminster. 10.30 Daily Service (S). 10.45 Pick of the Week (S). 11.35 From Our Own Correspondent. 12.00 News. 12.02 pm Money Box. 12.27 I'm Sorry, I Haven't a Clue (S). 12.55 Weather, programme news. 1.00 News. 1.10 Any Questions? 1.55 Shipping Forecast. 2.00 News. 2.05 Thirty-minute Theatre. 2.35 Baby-talk. 3.05 Wildlife. 3.30 The British Seafarer (S). 4.15 Russian Roundabout. 4.30 Does He Take Sugar? 5.00 Conversation Piece. 5.25 Week Ending (S). 5.50 Shipping Forecast. 5.55 Weather, travel, programme news. 6.00 News, including Sports Round-up. 6.15 Desert Island Discs (S). 6.55 Stop the Week with Robert Robinson (S). 7.35 Baker's Dozen (S). 8.30 Saturday-night Theatre (S). 9.58 Weather. 10.00 News. 10.15 Children of the Partisans: Yugoslavia after Tito. 11.00 Lighten Our Darkness. 11.15 Stop the Week with Robert Robinson (S) (as at 6.55 pm). 12.00 News.

CHESS SOLUTIONS

Solution to Position No. 424
White wins by 1 B x P! N x N; 2 B-R7 ch, N x B; 3 Q-N4 ch, N-N4; 4 Q x N ch, K-R2; 5 R-B4 forcing mate.

Solution to Problem No. 424
1 N-K6 (threat 2 R x R), R x R; 2 B-B4, or if R x N; 2 B-N2, or if K x R; 2 N-K7, or if K x N; 2 B-B4.

SOLUTION AND WINNERS OF PUZZLE No 4,872

Mrs E. Scott, Finlaggan, Waterloo Road, Lanark, Scotland.

Mr R. J. Higham, 198 Mackie Avenue, Brighton, Sussex.

Mr R. W. Loomes, 36 Greygoose Park, Harlow, Essex.

هكذا من الاصل

COLLECTING

The Staffordshire dynasts

BY JANET MARSH

JOSIAH WEDGWOOD remains a figure of endless variety and fascination—certainly one of the most singular and remarkable men of the entire 18th century. His organisation of labour, his scientific approach to manufacturing, his business practice, his development of communications in the service of industry and community firmly establish him as one of the giants of the Industrial Revolution.

Before him, pottery manufacture had been a folk craft. Wedgwood's productions commanded consideration as works of art. The master potter himself, set to the potter's wheel as an orphan of nine years, was to take his place as a leader of the social and intellectual life of his country, a man whose acquaintance and opinions were sought by the great in all areas of society.

Among the many friendships for which he somehow found time in the course of his titanic activity, the most intimate and the most fruitful was his long association with the physician and philosopher Erasmus Darwin—an association which was to continue to link their two families long after their own deaths. Anyone planning summer excursions might very profitably take in an exhibition in honour of this family connection at Wedgwoods' Visitor Centre at Barlaston, Staffs. The exhibition is called "The Wedgwoods and the Darwins" and remains open until October 29 (weekdays only, from 9 am to 5 pm).

Erasmus Darwin (1731-1802) was a year younger than Wedgwood and in his way hardly less remarkable. He had trained in medicine at Cambridge and Edinburgh, and set up in practice at Nottingham in 1756. Soon afterwards he moved to Lichfield, and quickly became famous throughout the midlands for his charity and his successful treatments. His approach to medicine appears to have been very rational. He discarded the quackery of the times, and only conformed to contemporary practice in his over-enthusiasm for purges and bleeding—which in any event, in those intemperate times, probably did more good than harm.

He travelled extensively in the service of his patients; and it was always considered that his philosophical and scientific notions were developed in the course of his long periods on the road. It was suggested, moreover, that the difficulty of writing in a moving carriage encouraged him often to set down his ideas in the form of verse rather than in less economical prose. His prose, as it happens, is a great deal better than his verse, which tends to be rather stiff and turgid. The ideas expressed were always original, in whatever form he set them down, and often anticipate the approach of his own grandson Charles Darwin and T. H. Huxley.

The two Staffordshire savants probably met first when Darwin was called in to treat Wedgwood in one of the periodic attacks of severe illness which troubled his early life. Darwin was also credited with several times saving the life of Mrs Wedgwood. They were friends right up to Wedgwood's death, and were in constant touch even after Darwin moved his practice to Derby in 1781.

They shared the same interests in science and in humanitarian and social causes. Darwin passionately admired Wedgwood's ceramic productions, and was the recipient of the first perfect example of his masterpiece, the jasper copy of the Barbarini Portland Vase. He designed a wind-powered grinder for Wedgwood, and advised him to introduce steam power.

There was also a considerable exchange of Christmas greetings and valentines between the Darwin boys and the Wedgwood girls, who were frequent visitors to the Derby household. In 1796 Dr Richard Waring Darwin, Erasmus's son and a 24-stone giant, married Susannah, Wedgwood's eldest daughter.

The fifth child of this marriage was to become at least as celebrated as his two illustrious grandfathers. Charles Darwin was born in 1809. As a youngster he proved not very amenable to formal education; but he possessed, in the words of his uncle Josiah Wedgwood II, "an enlarged curiosity."

This curiosity made him leap at the chance to join the voyage of The Beagle as an unpaid naturalist; but his father was opposed; and only the intervention of his uncle Josiah II made possible that memorable journey. Young Darwin seems to have been inspired by the sea voyage as his grandfather had supposedly been by his carriage rides. He later recalled that the observations made on the Beagle tour were "the origin of all my ideas."

Two years after his return to England in 1836 he followed the family tradition and married a Darwin, his cousin Emma, daughter of Uncle Josiah.

The Wedgwood-Darwin exhibition tells the story of the kinship of these two remarkable families by means of portraits and pottery, letters and publications; and takes as its theme the view of Sir Oliver Lodge, another Staffordshire man:

"It was not for nothing," Lodge wrote in 1930, "that the Wedgwoods and the Darwins were closely connected in friendship and ultimately in more intimate relationship. Members of the Darwin family have been responsible for improving natural knowledge by great discoveries; the Wedgwood family have been pioneers in establishing a great industry. Wedgwood and Darwin were both characterised by features somewhat in common — a thoughtful pertinacity, indomitable industry and a benevolent shrewdness — which have left their mark on succeeding generations."

Charles Darwin (1809-1882)

Greenhouses that are good to look at

GARDENING

ARTHUR HELLYER

TWO EVENTS have turned my thoughts to greenhouses, one the re-opening by the Queen of the Temperate House in Kew Gardens last week the other the Chelsea Flower Show. Both highlighted for me the supremacy of the Victorians as designers of elegant glass-houses but reminded me also of their relative weakness in making them agreeable environments for plants.

The elaborate sliding sash ventilators with which the main block of the Temperate House was originally provided can never have been very satisfactory for they let in rain and wind and, as they aged, and the metal slides in which they moved wore unevenly, they became impossible to operate and had to be scrapped. In addition the heavy wooden glazing bars that were necessary to support the weight of long, straight roof slopes kept out far too much light and this drawback was aggravated by the use of green tinted glass.

Some of these defects were rectified at various times but when, some ten years ago, it became evident that extensive rebuilding was essential the whole matter was considered with a greater realisation than ever before both of the strengths and weaknesses of Decimus Burton's original 1860 design. A very thorough survey was made of the whole series of buildings, for the Temperate House is really a linear grouping of five separate structures joined by short corridors. The happy result has been a reconstructed building which is both beautiful and functional and, strangely enough, probably now corresponds more closely to Burton's original vision than ever before since the original structure departed in some important details from Burton's plan.

The old wooden glazing bars have been replaced by slender new ones of aluminium alloy specially designed to take the weight of glass in such long slopes. In a modern greenhouse much larger panes would be used and these would actually add to the strength of the structure but this idea was rejected on the ground that it would destroy the glass pattern which Burton had planned for his structure. Some ornamentations which he had specified, but which were never made, have now been placed in position, a semi-automatic ventilation system has been installed and also a new heating system which is efficient yet discreetly inconspicuous.

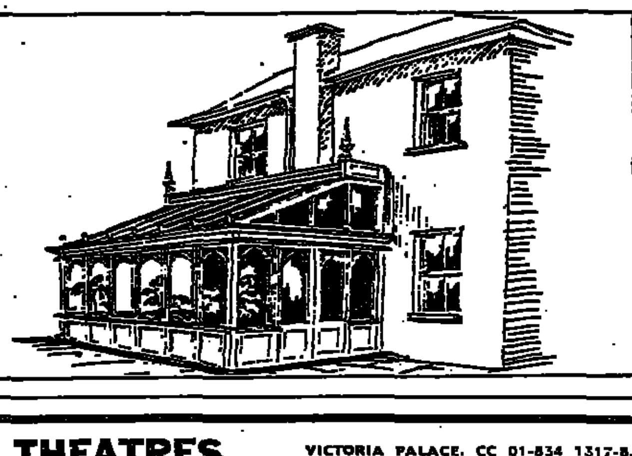
A 16 mm colour film running for 21 minutes has been prepared describing the history of the Temperate House and showing its reconstruction. It has been made by the Property Services Agency which is part of the Department of the Environment and is available for hire from the Central Film Library, Chalfont Grove, Gerrard's Cross, Buckinghamshire. It is called "A Palace for Plants" not the hyperbole it might seem for this is an outstandingly beautiful building the architectural merit of which has been somewhat overshadowed by the smaller but more dramatic Palm House.

At Chelsea hundreds of little greenhouses were on view and the most attractive again seemed to me to be those that drew their inspiration from the Victorians. Many efforts have been made to woo the gardening public with modern designs, solar domes, asymmetric spans claimed to make more efficient use of sunlight and various other innovations. But, with the exception of the little octagonal greenhouses which are not really new since there are two octagons in the Kew Temperate House, they have not really caught on. Most garden owners have continued to buy traditional span roof or lean-to greenhouses—now usually made of aluminium alloy though that many only be because these are the ones most readily and universally available.

But there is clearly a move among the better off to purchase greenhouses that are beautiful as well as useful and a few firms have been quick to see potential profit in this minority market. Two divergent streams may be observed in this development. One is frankly immitative and often a degree of Victorian ornamentation that can be varied to suit individual taste. The other only borrows a few design features from the 19th century, most notably curving instead of angular eaves which can be easily made with PVC in place of glass, and uses these in structures which in every other respect are highly contemporary even to the provision of double glazing if required.

None of these houses is cheap and some are decidedly expensive but there is clearly a market for them. Their greatest merit is that they once again allow greenhouses to be used as integral and valuable features in garden design just as they were in Victorian times. Just imagine Kew Gardens deprived of its Palm House and Temperate House which play such key roles in design.

As gardens become smaller and smaller it seems eminently sensible to make greenhouses for them that can be looked at with pleasure as buildings of elegance and distinction. There is practical as well as aesthetic merit in this for a greenhouse that is attractive, and so does not have to be hidden away but can be placed close to or even against the dwelling house. This reduces the cost of installing heating, lighting and a water supply and makes it much easier to keep an eye on the plants growing in the house. Whether Victorian inspiration is really the best way of achieving this for modern houses is doubtful but so long as garden owners remain as incurably romantic as they have been these past 50 years it seems unlikely that truly contemporary greenhouses will enjoy much success.



A Victorian conservatory design by Machin Designs Ltd., 4, Avenue Studies, Sydney Close, London SW1

Olivier rides again

VIDEO REVIEW

NIGEL ANDREWS

RANK FILM PRODUCTIONS was last seen plummeting down the yawning hole of Britain's movie industry decline two years ago, in a vanishing flurry of gongs and gong sticks and bronzed muscle-men. The depths were so great that one never heard the final "plop." Or perhaps it was drowned by the sounds of the next British disaster, which swiftly followed the tumbling of Lord Grade.

Never mind: there is a gong to be sounded now and a triumphant one, for the company's video department. Rank Video Library, is putting on the market some splendidly tape-transferred British classics. I praised their early-Hitchcock video-cassettes in a previous column and I've now seen their versions of Olivier's first two Shakespeare films, Hamlet and Henry V (Richard III is not yet released in video).

Both are truly excellent. Olivier's black-and-white Hamlet (£44.95 and rental) is and always was a shamelessly romantic casserole of smoke and battlements and high and low angles, with the brooding blond Dane caught in Barrymore-like profile against Gothic pillars. The images tend to disperse into mist and opacity at the drop of a pentameter even on the big screen. On the small you need perfect picture definition, and Rank provide it. Olivier's stellar cast — Jean Simmons as Ophelia, Basil Sydney, Stanley Holloway as the Grave-digger, Peter Cushing as Osric—provide the hi-fi acting.

Henry V (£44.95 and rental) is even finer: a little miracle of imaginative Shakespeare adaptation. The toytown Elizabethan sets and backdrops spin rainbow-coloured magic, extending the make-believe spell of the recreated Globe Theatre production with which the film opens and closes. Carl Dreyer, the great Danish director and a hard-to-please appraiser of others' films, thought Henry V the best colour film he ever saw.

Olivier's heroic acting style belongs to a different age from ours, but one not dimmed by comparison. The speeches unfurl in long trumpet-brays of crescendo rhetoric, boldly riding over tricky archaisms or subtle word-plays which a modern Shakespearean actor would painstakingly cross-hatch with gesture or inflexion. This was a film made in 1944 when patriotic affirmation (plus music by Sir William Walton) and ringing national optimism were the recipe for the times.

There are marvellous performances by Robert Newton as bragging Pistol and Renee Asherson as an insouciant French princess, and Rank have lovingly reproduced the painting-book set designs so that they sparkle as new.

Moving on two decades, Rank extend their repertoire of British classics to encompass Lindsay Anderson's This Sporting Life (£44.95 and rental). There are those—this writer included—who think Anderson was strongest as a director in his "social realism" days, before satire and surrealism caught him up in If and O Lucky Man!: (and let him down with a very nasty thud in his latest, Britannia Hospital, about to be unveiled in Cannes and London).

This 1963 tale of rugby football and ill-requited passion etches in simple, powerful black-and-white the immemorial British curse of emotional inarticulacy. Rugged rugger supremo Richard Harris, with Roman haircut and Colussus shoulders, can't express in words his passion for landlady Rachel Roberts. Rachel, repressed and moody, can't express in action hers for him. Ergo: shackled feelings, the heart's rebellion and a cathartically tragic finale.

Rank's video dust-off of this vintage front-runner in the 1960s British "kitchen sink" movement is a visual marvel: impeccable definition, top acting sculpted clean in glowing monochrome.

For light relief and Gothic giddiness you can do no better than turn to The Bat (£34.95 and rental), a 1959 U.S. horror film that has taken up a picturesque perch in Rank's catalogue.

Agnes Moorehead plies the grand manner, the nasal fortissimos and the florid gestures — I particularly like the wrist slapped to brow at moments of what-a-fool-I-was-not-to-realise — as a lady thriller-writer taking up residence in an Old Dark House. Vincent Price is the local doctor, velvet-voiced and menacing, and someone with a mask over his face and claws for fingers is the local Bat, a free-lance murderer and psychopath. There are secret passages, sudden death and missing millions. And apart from a soundtrack hiccough in my review copy — the film suddenly dropped several decibels at a crucial moment — the video transfer is excellent.

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SPORT

Trevor Bailey previews today's FA Cup Final

Why I pick QPR to win

TOTTENHAM HOTSPUR, who for a period this season were not only the most exhilarating team in the country, but were also well placed to win four trophies, meet Queen's Park Rangers, who have shown themselves to be one of the more imaginative sides, at Wembley today.

Although both possess the right ingredients, skill and attacking flair to produce a classic final, the game will inevitably be short on atmosphere, because they are London clubs.

They cannot hope to generate the same excitement as if they came from Liverpool, Manchester, Sunderland or Leeds.

The last all-London final in 1979-80 between Arsenal and West Ham was a quiet, rather dull and quickly forgotten affair even though both the Gunners and the Hammers were exceptionally well-supported. Rangers have only about 11,000 committed followers who can be relied upon to attend the majority of home games.

To reach the Cup Final, of course, means far more to the fan from the North. In addition to it being the most important domestic football match of the year, it is also an occasion, a celebration and an adventure.

There is the journey to and from the capital, normally in company with numerous kindred spirits, and for many the added bonus of a lively weekend on the town.

But it is not so easy for the supporter from Shepherd's Bush or Tottenham High Road, who goes to the supermarket for the weekend shopping, has an early lunch at home and makes the comparatively short trip to the ground to arrive in the same euphoric state.

Who will win this Cockney Cup Final? The holders, Tottenham, have shown themselves to be one of the best teams in the First Division and have already qualified for Europe by their position in the league table. They also have a lot of big-match experience, including the two-leg semi-final of the European Cup-Winners Cup, the League Cup Final.

Although they will clearly miss the genius of Ardiles and there must be some doubts about including their other Argentinian player, Villa, who last year conjured up one of the great Wembley goals, their back four are now better organised and Clemence has brought greater stability to their last line of defence.

In addition, they possess genuine style. Hoddle is one of the finest half backs in the land, Hazzard is one of the most improved players in the First Division and Galvin is an unusual, under-rated goal-scoring raider down the left flank, while Crooks and Archibald form a highly effective pair of strikers with skill, pace ability to take half chances.

QPR are a Second Division club who have just failed to gain promotion. It is also the first time in their history they have reached the Cup Final. Obviously it would be foolish to write off the Rangers, because not only is there no such thing as an easy final. In 1975-76 Southampton and in 1972-73 Sunderland, both Second Division teams with less impressive sides, beat First Division opponents.

Although the form book clearly suggests Spurs it would come as no great surprise if QPR caused a major upset, which would be hard on Tottenham, as they deserve to finish with some tangible reward for the fine football they have served up this season.

There are several good reason for choosing QPR. The tactically astute Terry Venables has fashioned a well-balanced side, combining youth with experience and skill with bite. As underdogs they are likely to receive the vocal support of the many neutrals at Wembley, and in the last decade those clubs making consecutive appearances in the Final have all failed to carry off the cup twice.

And finally, Rangers have acquired a noticeable arrogance and a belief in themselves which should ensure they do not "freeze" this afternoon. This can be seen in the way all their players are eager to take on and beat an opponent, not just the artistic Currie, the talented Stainrod, and the purposeable Roeder.

This attribute, as well as the good habit of hitting passes to the feet of a colleague rather than into space have probably stemmed from playing all their home matches, and doing much of their training on their Omniturf artificial pitch where the bounce is always true and has therefore improved their self-confidence.

Both could prove valuable assets at Wembley with its thick, and rather tiring carpet of grass.

Glen Hoddle (Spurs) and Tony Currie (Q.P.R.): two key men today

John Barrett looks at tennis battles ahead

Challenge of the young set

WITH THE START of the French Open next Monday, we reach the first peak of the 1982 season. This historic championship is the ultimate test of clay court expertise, just as Wimbledon is with grass and the U.S. Open with cement provide other challenges and stand apart from the 81 other tournaments that together form the men's Grand Prix competition and the 30 events that comprise the women's Toyota Series.

In terms of mental and physical endurance, the French is the most difficult of the three major meetings to win. One could argue, too, that it shows most about relative standards among the men, because more than a third of Grand Prix tournaments are played on clay.

There are 34 on this slow, teasing surface, compared with ten on grass, 15 on cement and 25 indoors, mostly on the Supreme plastic carpet.

This is a moment when the established players will feel the first real thrust from the eager newcomers who have been making life uncomfortable for them already this season. There has been further evidence of the march of youth in Rome this week.

The second round match between the world's top two 17-year-olds, Mats Wilander of Sweden and Jimmy Arias of the U.S., was a gem.

Wilander, like so many young Swedes, plays like a miniature Bjorg, with heavily topped ground strokes—right-handed on the forehand and double-handed on the backhand. He also seems to have the same ice blood in his veins that makes him a formidable match player.

When he survived a second-set crisis against some fierce hitting from the 5 ft 6 in Arias to level at one set all, we were treated to a battle of wills in the third set that was fascinating to watch.

Wilander eventually won 2—6 6—4 6—4 because he was marginally more resourceful, a shade more patient, and physically a little stronger than the American. But to see the way these two youngsters mixed the pace, probed one another's weaknesses and used the full area of the court to create their openings was to know that they are already capable of bringing down the best of their seniors on any given day.

Equally impressive were two French performances that illustrated once again the value of the two national training schools in Nice and Paris. Thierry Tulasne's 7—5 6—1 demolition of the top seed, Jose Luis Clerc, was stunning in its competence.

When I saw this talented boy's whirlwind topspin hitting carry him to the semi-final of the U.S. Pro-Indoor tournament in Philadelphia 16 months ago, I knew he had the potential to reach the heights on clay. He has had success in Rome before, with a win against Sandy Mayer, and is clearly maturing fast.

The left-handed Henri Leconte, who was born near Lille, but lives in Paris, is even more exciting. With his brilliant, daredevil shot making, he reminds me forcibly of the young Rod Laver. Like Laver, he is learning when he can take risks and when he should play for safety.

Against the experienced Hungarian, Balazs Taroczy, he was brilliant, as he surged to a 7—5 6—3 victory. Wojtek Fibak of Poland brought him to earth the following day by allowing him to make the errors as he went down 6—2 6—1.

At Bournemouth last month, we saw the class of the Peruvian-born 20-year-old Pablo Arraya, who lives in Buenos Aires, when he beat Kodes and Mottram before Orantes tamed his volatile talents. In Rome, he delighted us again, as he breezed past the Number 2 seed, Johan Kriek of South Africa and Australia's John Alexander.

Anther South American, Pedro Rebolledo, only 21, demolished the seventh seed, Brian Gottfried (U.S.) 6—1 6—1, and then was given a tremendous fight by 20-year-old Anders Jarryd, another of the young Swedes who are here with a former Davis Cup captain as manager.

The lessons of France and Sweden are clear. By sending the best youngsters with a competent captain to the major events (where they often have to attempt to qualify), potential can be reached more quickly and more efficiently.

On this week's evidence, then, Ivan Lendl, Jimmy Connors and Guillermo Vilas, the three top seeds, will not have it all their own way in Paris. But let us not forget that Lendl himself, whose phenomenal run has now brought him 87 wins from 90 matches since last September's U.S. Open, is only 22—the same age as France's Number 1, Yanick Noah, and the man who beat him in Rome, Andres Gomez, the left-hander from Ecuador. Yes, youth is indeed on the march.

RACING

DOMINIC WIGAN

KEMPTON, with a ratio of just one Pulborough winner from every eight runners sent from the Sussex stable, has surprisingly proved one of Guy Harwood's least successful venues. However, this does not stop me from thinking that both Kafu and Ricardo will be up to giving Pulborough a 100 per cent strike rate on the Sunbury course today.

The first from the pair due in action is the once raced Kafu, among the runners for the Rivermead Maiden Stakes. Kafu, a half-brother to Moomba Masquerade, among others, could hardly have faced a more formidable task on his debut in the Dufftown Glenlivet Stakes at the last meeting at Kempton. He came up against Brondesbury. Although badly outpointed by Bill O'Gorman's flying colt, Kafu did well to snatch second place from Prince's Heir. But Harwood and Starkey will be disappointed if Kafu cannot get off the mark against today's less precocious rivals.

Ricardo, Pulborough's representative in the Halliford Stakes, is another well related colt: being a half-brother to both Skyliner and Slip The Ferret. And, what is more, he, too, comes to Kempton with a highly encouraging effort behind him.

At Newmarket on 1,000 Guineas afternoon Ricardo overcame 25 opponents in the Hastings Stakes to snatch the verdict close home from Dick Hern's Busted colt Thorndown. So fast was Ricardo travelling at the end of that mile event that what had seemed an utterly hopeless task a furlong out had been turned into a 2½ lengths margin of victory at the line. Ricardo has some recent winners to beat including Corked; but I shall be disappointed if he fails to show to even better advantage over today's additional quarter mile.

Now that Harwood has pulled Cashel Prince out of the Kingfisher Stakes, Ambiance who has already completed a double looks the one to be on.

KEMPTON

3.00—Kafu
4.00—Nawab*
4.30—Ricardo***
5.30—Ambiance

THIRSK

2.15—Pleasure Wind
3.20—Hillsdown Lad
3.50—Forward**
4.25—Brondesbury

SPORTS DIARY

SOCCER: FA Cup Final, Tottenham Hotspur v. Queen's Park Rangers, Wembley, today. Scottish Cup Final: Aberdeen v. Rangers, Hampden Park, today. Scotland v. Wales, Hampden Park, Monday.

CRICKET: Tour Match, Kent v. Indians, Canterbury, today, tomorrow and Monday.

RACING: Flat meetings at Hamilton, Thirsk, Kempton Park. National Hunt meeting at Warwick today.

CYCLING: Milk race (Tour of Britain), Brighton-Blackpool, Sunday to June 5.

EQUESTRIAN: Inchcape International Dressage Championships, Goodwood, Sussex, Friday to Sunday, June 30.

MOTOR RACING: Monaco Grand Prix, tomorrow.

FINANCIAL TIMES
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Saturday May 22 1982

The other crises

THE FALKLANDS crisis is for the present in the hands of the military; perhaps the greatest test of the Prime Minister's nerve is how she can address the other crises which must also be addressed—in Europe, in the world economy and in Ireland.

Our intense national crisis over a small issue has become sadly entangled with the less pressing but ultimately far more intractable crises elsewhere. It is hard for anyone in Britain, let alone anyone at the centre of our affairs, to accept the fact that the Falklands crisis looks considerably less important and certainly less black and white, than it does to ourselves. To Britain the rather grudging support of the Community, the fairly equivocal attitude of the U.S.—notably the failure to impose meaningful economic pressure—and the open neutrality of the Irish may look like betrayal. The temptation to repay coolness with coolness and to assert purely national interest must be strong; yet we are going to have to work with the Europeans, with the Americans and indeed with the Irish long after the Falklands affair is resolved.

Constructive

There is just one fortunate aspect of the present state of affairs: Mrs Thatcher has earned the freedom to tackle these other crises in whatever way she chooses. Nobody is likely to question her readiness to stand up for British interests if she decides that they lie in accommodation rather than confrontation over the present crisis in the EEC.

That is surely the most constructive approach for the time being, for the EEC crisis has blown up not only at the worst possible moment, but over the wrong issue. It has been clear for years now that the rising cost of the Common Agricultural Policy would sooner or later break the bounds of the Community's budget resources, and the case for a radical reform of the CAP was being argued inside the Commission before Britain was even a member.

It happens that Britain, with its small agricultural sector, is a heavy loser under the present policy mix—as is West Germany, of course; but West Germany is rich. The new southern members, with small involvement in temperate agriculture, will also be losers. Enlargement has increased the long-run pressures for change.

At this moment, however, it happens that the Community budget is under much less strain than had been expected—partly because other members acquiesced in a series of rather modest farm price adjustments which Britain urged. We had already agreed in principle that a larger increase this year, to protect real farm incomes, would be appropriate. We were vetoing the increase simply as a device to enforce quicker progress on the underlying Budget question.

The over-riding of our veto last week has been a shock, but it does not threaten any important British interest. It will be a sign of steadiness, not weakness, if we respond by accepting what has happened, but insisting that for the future the Luxembourg compromise, on which the veto is founded, must be clarified, and that a budget reform is now essential not just in our own interests (arguments about "our" money do not go down well in the Community) but in the interests of the EEC

Valuable

A workable and amicable EEC has never been more necessary than now; both the economic and the political situation underline the fact. As the world recession and the world financial crisis intensify, the existence of a large and relatively stable group, dominant in world trade, working still for liberal trade and north-south co-operation is far more valuable than it was in easier times.

On the political scene too Europe has been becoming an increasingly meaningful term, with a growing accord on difficult problems of foreign policy. What should be remembered from our own current crisis is the speed and unanimity of the initial EEC response, not the hesitation about its renewal—which may be partly due to our reluctance to treat our supporters more as allies as the crisis developed.

Meanwhile, had the EEC crisis and the Falklands crisis not arisen, much attention would now surely be devoted to the state of the world economy and the forthcoming Versailles summit on this question. We have seen too many summits to expect miracles of them; and indeed the strong feeling of recent months—that urgent action to cut U.S. interest rates would solve all problems—is now much weaker.

Co-operation

The fact is that U.S. rates are not as high as some forecasts suggested (hence the sensational Drysdale collapse); and furthermore, U.S. rates are no longer so dominant in other economies. Nevertheless, the central conclusion of the recent Group of 30 report on exchange rates and their effects remains true: the world would run more smoothly if governments paid more attention to the external effects of their internal policies. It is to make that more likely that we hold summits and make accommodations with our friends.

Problems do not go away because we tackle them co-operatively; no one supposes, for example, that the new wave of Irish terrorism will suddenly disappear if Mrs Thatcher and Mr Charles Haughey find a way to co-operate. But what is clear is that problems tackled without friends and co-operation are a great deal worse.

POLITICS TODAY

All in the lap of the gods

By Malcolm Rutherford

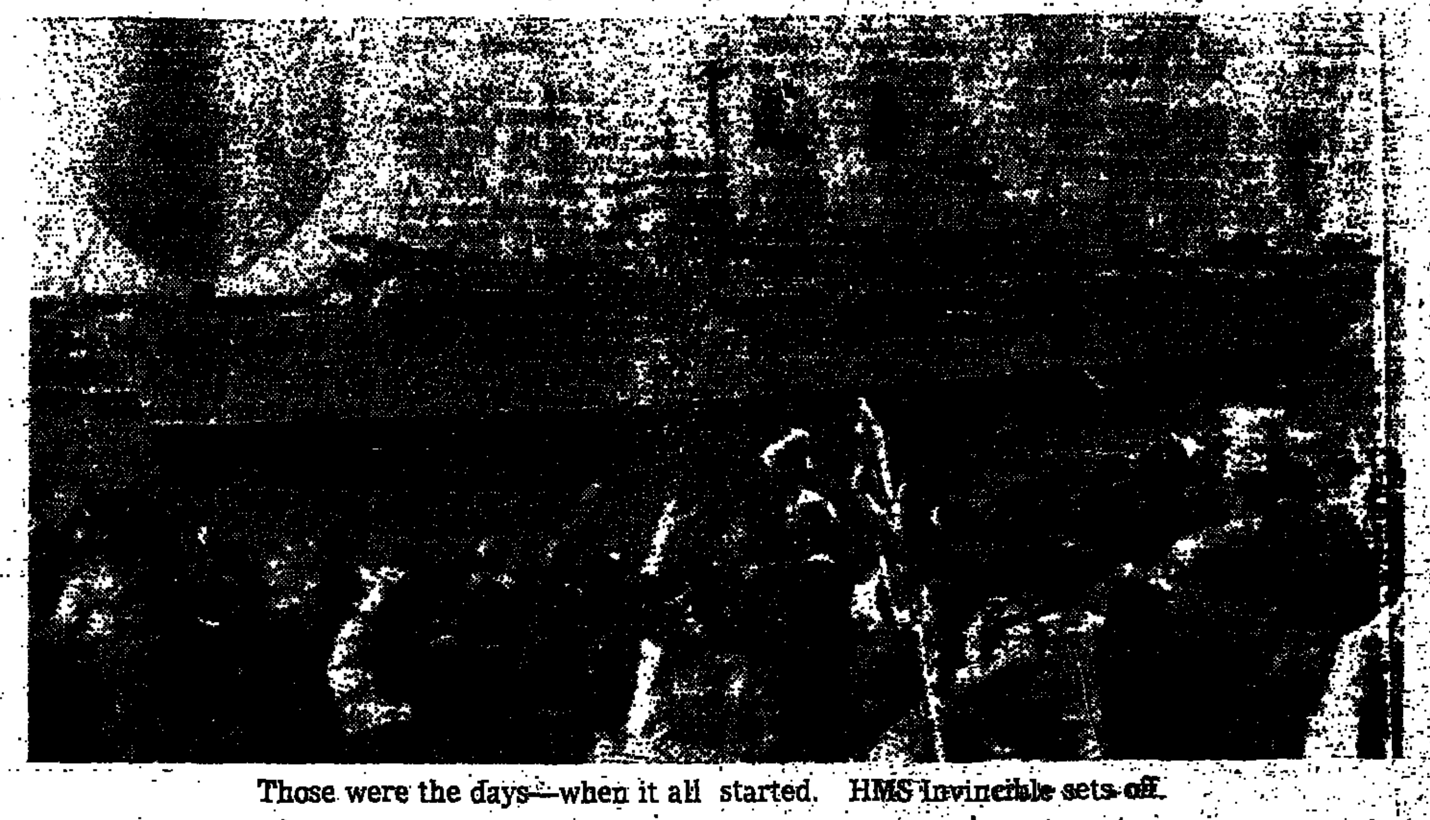
WHATEVER may be read into the differences of emphases and tone between Mr Francis Pym, the Foreign Secretary, and Mrs Margaret Thatcher, the Prime Minister, if there is a split in the Cabinet over the Falklands crisis, it is remarkably well concealed.

The full Cabinet has gone into the escalation of the crisis in a mood of fateful resignation. Ministers believe that Britain has leaned over backwards to secure a peaceful settlement. Their efforts — and those of Mr Alexander Haig, the U.S. Secretary of State, President Belaunde Terry of Peru and Sr Perez de Cuellar, the UN Secretary General — have been spurned by Argentina. In those circumstances, they see no immediate alternative to a further reliance on the use of force.

Mr Pym said yesterday that he expected that the next military action would take the form of limited raids like that on Pebble Island last weekend. Some of the raids—and some of the losses—have already begun. And that is the general view: more and greater harassment, but nothing like frontal war and still in the hope that negotiations can be shortly resumed.

Even if one examines the statements of Mr Pym and Mrs Thatcher in the House of Commons on Thursday, the differences are less than met the ear. True, the various offers of diplomatic concessions to Argentina have been withdrawn, but they could be renewed. The fact that they have been removed from the table does not mean that they cannot be put back.

One of the curiosities about the dispute is that Sr Perez de Cuellar has been informed, in general terms, in advance by the British about the military escalation and has not objected.



Those were the days—when it all started. HMS Invincible sets off.

Logic points to yet more military engagements

The alternative strategy, entertained by some ministers from the start, that Britain may in the end have to occupy the Islands by force and then hold on to them for some time to come—in order to overcome the charge of retaking the Falklands only to give them to Argentina—still lies in the future.

The order of preference seems to be thus: measured escalation in the hope of bringing about further negotiations. If that fails, the military activities could be again stepped up, but the aim would be the surrender rather than the slaughter of the Argentine forces on the Islands. If that also failed to come about, there might have to be some reappraisals, but Ministers are not yet thinking that far ahead.

A great deal would depend on what hapens to domestic and international opinion in the meantime. Logic, however, would point to yet more military engagements, the Government's dilemma being that having sent the Task Force it cannot easily summon it back without some sort of mission having been accomplished.

Some Ministers say that it is fortunate that the crisis is being handled by a Conservative Government. In that they seem to imply that the Tory Party is the party of patriotism and the party of competence. Perhaps they flatter themselves: it was, after all, a Tory Government which got us into this mess in the first place.

What I think has happened is that the forces of Government have taken over. The machinery of Government has belatedly begun to work on this issue in a relatively co-ordinated way and the only conclusion that can possibly be arrived at, given the awful starting point, is that Britain should go all out for a peaceful solution while being prepared to use force to show that she is serious.

That would have occurred whichever party was in office: hence the great understanding of the Government's position shown by Mr Denis Healey, the deputy leader of the Labour Party, and to some extent by Mr Michael Foot who, is blessed, or maybe in Labour Party terms cursed, with the experience of having been deputy Prime Minister.

Of course, Ministers admit that there could be accidents and miscalculations. That is the nature of war, perhaps especially of modern war where so much of the equipment is untried. The outcome is unpredictable. It would be naive to think that the Government is any less aware of that than outside commentators. That is what I mean by the mood of fateful resignation. There is the trace of an admission that it is all in the lap of the gods.

The final evidence of this kind of resigned Cabinet unity is that even Ministers who would normally criticise Mrs Thatcher at the first opportunity appear to be with her on the Falklands.

This is not the case with Europe. Dr Henry Kissinger used to say when he was U.S. Secretary of State that the trouble with the Soviet bureaucracy was that it could deal only with one problem at a time: for example, strategic arms reductions but not simultaneously with cuts in conventional forces.

That may be true of other bureaucracies to. For if the

> If one examines the statements of Mr Pym and Mrs Thatcher in the House of Commons on Thursday, the differences are less than met the ear

Cabinet and the machinery of government have eventually come to terms with the Falklands crisis, there is a great deal of criticism of the way there was a lack of forewarning of the crisis in Europe. Some of it comes from very high up.

Again, much of the misfortune goes back to the Falklands dispute breaking out and Lord Carrington being obliged to resign as Foreign Secretary just as there was about to be a meeting of European Foreign Ministers that might have resolved the question of the British contribution to the Community budget. That meeting was due to be held on April 2, the day of the first emergency debate on the Falklands.

The meeting was postponed. Lord Carrington resigned, the Falklands took over attention and British policy towards Europe became obscure. The British did not even take the initiative in seeking to call an emergency meeting of Foreign Ministers in order to discuss events in the South Atlantic and were rather surprised at the degree of European support they received.

Somewhere in the machinery of government the warning signals that there was trouble to come seem to have gone astray. European solidarity in the Falklands crisis was not easily or indefinitely given, especially by the Italians who have their own community in Argentina to think of.

Much more important, there seems to have been very little warning that the problems in the South Atlantic could become linked, however vaguely, with the problems in the Community: namely, the British contribution to the budget and the settlement of this year's farm price increases. But it should have been very clear that a crisis was brewing.

The word from Ministerial circles is that at this stage Mrs Thatcher decided to become her own Foreign Secretary. She had not much liked the original interim agreement on the budgetary contribution in May 1980—it was brought home by Lord Carrington — and was insistent that there could be no further compromise.

The Prime Minister said on the Jimmy Young Show on BBC Radio 2 on Wednesday morning that she had received no prior intimation from any European head of Government that events could come to such a pass. That was after seven member states had overridden the supposed British veto on the farm price increases.

Again, the accounts from other sources are different. Both the French and the Germans say that Mrs Thatcher had been frequently warned of what would happen if the attempted British veto went ahead. M. Francois Mitterrand, the President of France, spent over two hours with her talking about it in London last Monday. But it appears to have been one of those dialogues of the deaf, rather like Harold Macmillan talking to General de Gaulle.

All that the French, the Germans and Italians seem to have wanted was that the British should show some sign of movement. Mrs Thatcher could have budged on accepting a one year settlement on the budget for 1982 while maintaining the right to seek a longer-term settlement later. She could have moved on the amount offered without giving way on the general principle that Britain is overcharged. Or she could have accepted the farm price increases, which are after all a vital interest to some other members, while saying that had nothing to do with the argument about the structure of Community expenditure in the years ahead.

She gave way on nothing, even though the British Government had become fortuitously dependent on European support in the Falklands dispute.

The supreme weakness of the British position was that the Government had nothing against the farm price increase as such. Mr Peter Walker, the Minister of Agriculture, would have liked the increase to have been rather higher. The Government was thus trying to use the veto for quite extraneous reasons. The Foreign Office, if it had been allowed a proper role in the running of affairs, might have advised a certain discretion.

Since then, there seems to have been some retreat into reason. In his statement to the House on Wednesday, Mr Walker largely took refuge in technical detail: "We succeeded in obtaining an increase of two-thirds in the maximum beef premium payments and an increase in the Community contribution from the 25 per cent negotiated by our predecessors to 40 per cent. We obtained a firm Commission declaration ensuring that the sale of wine distillates will not threaten the alcohol industry in this country." That sort of thing. The word is that there is going to be some pause for thought before the Government goes for rasher action, like withholding its Community payments.

One thought might be that while Britain has become almost notorious for its criticism of the Community, the file on British proposals for how Europe might develop is pretty thin. It would be helpful if the Government could tell its partners what kind of a Community it would like to see, including something going beyond cheaper air fares.

Labour's party conference could be gruesome

Finally, the Labour Party. This latest escapades in Europe will only encourage its anti-Market wing just at a time when there were some signs of the leadership becoming more reconciled to British membership. It is now rather likely than before that Labour will go into a general election seeking withdrawal.

The fact that Mr Tony Benn and some of his colleagues forced a vote on the Falklands for the first time in the House on Thursday is another sign that the internal struggles have not been overcome. On the not-too-distant horizon there is also the report on the Militant Tendency and the even more important question of what Mr Foot should do about it. The Party Conference in the autumn could be gruesome.

Yet if Mr Foot stands up, it could be make or break, and possibly make. The main political casualty of the Falklands crisis so far has still been the SDP-Liberal Alliance. Who now is thinking very much about about the by-election at Beaconsfield next Thursday?

Letters to the Editor

Accounting

From Sir Anthony Burney

Sir,—It was with considerable interest that I read in Lex's column (May 10) of the criticisms — in my view totally justifiable — of current cost accounting and SSAP 16.

May I take the opportunity of suggesting once again that more attention should be given to cash flow accounting.

Cash flow is the life blood of any business. Businesses go bust through lack of cash, not through lack of profit — although the former is of course adversely affected by the latter.

When I wrote a paper in 1971 advocating cash flow accounting I thought that it might be difficult to arrive at a method of assessing tax. But since then Professor James Meade has provided a solution.

Cash flow accounting has many advantages including: simplicity, automatically taking inflation into account, preserving comparability between different sorts of activity and providing immediate identification of companies that are overtrading or undercapitalised.

(Sir) Anthony Burney.
18 Welbeck Way, W.1.

Unions

From Mr J. Moser

Sir,—Philip Bassett's article (May 17) concludes ominously with the words "the result of the Left's gains in the civil service unions could be of far reaching significance."

Unless the lesson of the Civil and Public Services Association is well learnt, control of the Inland Revenue Staff Federation will also soon pass to the Militant Tendency.

If that were to happen (and already there are some who strongly believe that the Inland Revenue is politically motivated) then the usual manifestations of revolution, e.g. seizure of means of communication, the media and transportation, will be unnecessary; a bloodless coup will have been achieved and the balance of power will have passed, perhaps irretrievably, to the Left.

J. D. Moser.
1, Meddox Street, W.1.

Policies

From the Secretary, Leeds Taxes Branch, Inland Revenue Staff Federation

Sir,—With regard to Phillip Bassett's article "The Left reaps a harvest" (May 17), I write in connection with the point referring to the "Manifesto" from Leeds taxes branch of the Inland Revenue Staff Federation and would like to point out that this "policy document" was the effort of the branch committee over a 12-month period and was based on the policies of this branch already endorsed at general meetings. The "draft" document itself was approved of by the 1982 spring general meeting at which over 160 members attended.

While the branch committee is pleased that the "policy document" meets with the approval of many members in other IRSF branches the document is that of the Leeds taxes branch and not the product of the "broad Left" even though the policies advocated are in many aspects those advocated by the "broad Left."

F. R. Giles.
31, Moor Allerton Drive, Leeds 17.

Breasclete

From the Chief Executive, Development Board for Rural Wales

Sir,—Mark Meredith's article (May 11) on the Breasclete fishing project reflected the great difficulties associated with major projects in areas such as the Outer Hebrides. It also showed how quickly local people point to failures but forget successes.

The happy picture of the conservative fishermen with their co-operative established and landing their catch in Stornoway before shipping it by ferry to the mainland, suggested that they had achieved all this on their own initiative. The truh is that the whole of this is the result of another major project conceived and implemented by the Highlands and Islands Development Board which has succeeded.

In 1966 the Stornoway fishing industry was dead and it was recreated by the vision of Sir Robert Grieve, first HIDB chairman, his board member the late Prophet Smith and the dedicated continuing work of James Lindsay who leads the HIDB fishermen division.

This first step that succeeded was a much bigger one than the second which may now fail.

W. Iain Skewis.
Development Board for Rural Wales,
Ladywell House,
Newtown, Powys.

Research

From Mr I. Burch

Sir,—I refer to "A question of what is really meant by failure" (May 18). The final sentence is "Ignorance of the true position highlights the need for more research."

I would tentatively suggest that more research will not necessarily lead to the true position and, even if it did, it would not reduce the number of small businesses failing. The only research worth doing seems to us to be strictly practical i.e. start some more businesses and see if they fail.

The academic world may strangle the business world yet.

I. R. Burch.
C. Vernon & Sons,
178-202 Great Portland Street, W.1.

BBC

From Mr J. Hey

Sir,—Malcolm Rutherford seems to misunderstand the way in which the BBC is financed when he writes ("Politics Today," May 14) that "Governments have frequently sought to influence at least the World Service."

The reason that Governments have sought to influence "at least" the World Service is straightforward; the service is funded directly by the Foreign and Commonwealth Office. While the FCO tends to take the relatively enlightened view that the best propaganda involves (mostly) telling the truth, the World Service's allocation of resources—in terms of how much is broadcast to where—tends to be done according to political criteria, not editorial ones.

The rest of the BBC, of course, is financed by the licence fee, which in theory is levied only for that purpose. But in fact the BBC never received the full licence fee revenues until the mid-1950s, the balance simply disappearing into the Treasury. As Stuart Hood, a former controller of BBC TV has noted, "It is clear that the licence fee is not the BBC's by absolute right (and) that the Treasury can from time to time make a levy on its revenue."

John Hey.
38 Cornford Grove, SW12.

Education

From the Chief Executive, Hampshire County Council

Sir,—The article on "Quality control in education" (May 11) reveals a considerable lack of knowledge of the work done by local education authorities in consultation and close collaboration with the Manpower Services Commission and local industries in the field of training. Local education authorities, with the rest of local government, are labouring under strict financial controls imposed by central government through the current rate support grant system. The fact, however, that the grant is not allocated to specific services enables local authorities to use their knowledge of local conditions in order to allocate the resources between the several services administered. There is considerable evidence that the education service receives greater resources than were allowed for in the original grant calculations. A specific grant for education would only tie the hands of local authorities and substitute the judgment of officials in the Department of Education and Science for that of elected members of local authorities. A separate block grant for education, similar to that for local services generally, would only serve to compound the distribution problems that your newspaper was happy to expose earlier in the year on the distribution of the present block grants.

No one would disagree with the need for education and training policies to be co-ordinated. But that co-ordination must be a local matter to provide our young people with training for local jobs. In Hampshire that is the end we seek. Contrary to the assertion made in your article, the levels of basic skills of school leavers have been increasing over the years. They are monitored locally and, if problems still exist, they can be identified and dealt with locally far more readily than through a central bureaucratic system. The suggestion that central government direction would magically provide a new solution is absurd. It would not produce any additional resources for education and the transfer of administrative and political control to the centre would serve only to reduce resources at the "coal face" by increasing administrative costs at the centre.

L. K. Robinson.
The Castle, Winchester.

Conveyancing

From Mr J. Bradshaw

Sir,—I am pleased to see that Mr S. Best (May 15) has moved from "solicitors are not permitted to charge on ad valorem scale for conveyancing," to "the price has some bearing on the fee," and that surely means ad valorem — unless he has a lot of Latin to learn.

I am sorry that the signature to my original letter proved difficult to decipher and I now try harder and sign myself.

Joe Bradshaw.
Copper Beeches,
Blackdown, Leamington Spa

Anti-militarism

From Nora Beloff

Sir,—In treating anti-militarism in Eastern Europe as no more than a spill-over from Western unilateralism "The spirit spreads East" (May 19) your correspondents imply that the issues are the same in the two parts of Europe.

In fact, the military obligations on the young in the USSR and the rest of Eastern Europe represent a burden which would not be tolerated in the West. War games against imaginary "imperialists" start in the Soviet Union at the age of seven and I have seen little girls with bows in their hair, already goose-stepping before war monuments and carrying real rifles.

Recently the GDR extended military service from 18 months to two years and training in the use of weapons is now compulsory for girls as well as boys who wish to go on to university. In Hungary conscientious objection is a criminal offence.

It is unfortunately true, as I found in a recent six-week journey in Eastern Europe, that many young protestors believe that they and Western demonstrators are engaged in the same fight against equally menacing superpowers. This is partly the fault of the BBC World and European services who persist in confusing being objective with being neutral. They should be conveying to East Europeans that the reason we are armed is precisely to prevent being overrun by the USSR and having to put up with one-party Communist paraphernalia which, as they know from their own unhappy experience, is so morally degrading and economically incompetent.

Nora Beloff.
11, Belsize Road, NW6.

هكذا من الأصل

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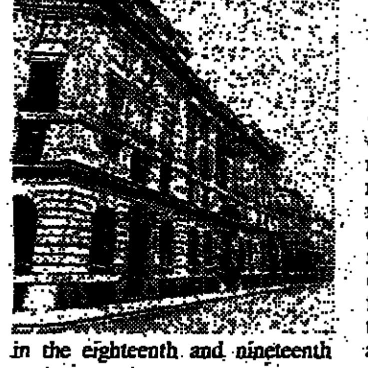
How a major insurance company prospered through service

THE STORY BEHIND THE PHOENIX BICENTENARY

EXPERIENCE and security. These two qualities, developed over many years and essential requirements for insurance consumers, are the bedrock of the Phoenix.

Founded in 1782, and celebrating its bicentenary, Phoenix started life in a unique way. Insurance companies founded earlier, including the two big names of the era, the Sun and the Royal Exchange, and other insurance companies formed later, were the progeny of an association of financiers, merchant adventurers who had already made their fortunes. They were speculators, a breed of entrepreneurs who thrived



in the eighteenth and nineteenth centuries.

Phoenix came from different stock. Its origins were in no way speculative but were conceived out of pure industrial expediency. It was an institution of its time. Phoenix, or New Fire Office as it was first known, has its roots in the sugar trade and sugar baking.

Starting with sugar

Sugar baking was one of the most capital intensive industries of the era. Assets per firm often reached £20,000 to £30,000, comparable to that of brewing and exceeded by few other contemporary trades. Even within the main industry of the period — cotten textiles — a mill endowed with fixed capital of these dimensions would have been an exceptionally large undertaking.

The sugar bakers were largely centred at the great ports of London and Bristol. They used their expensive plant to convert raw sugar into a form fit for domestic consumption or suitable for use in other industries, such as distilling or brewing. Sugar trade directories of the time listed 85 sugar refining ventures at work in London in 1782. All but three of them were on the original roll of Phoenix shareholders.

In its early years, Phoenix was more a facility for the sugar club than a general insurance company. There were a number of reasons why the sugar trade needed the Phoenix.

Financial pressure

In the sugar industry the vast, and extremely costly, copper baking pans were exposed to very high temperatures. There were ever present risks of cracked pans, escaped liquor or runaway stoves. The industry was also facing increasing financial pressure from the trading conditions in the late eighteenth century. The aggression of the West Indian merchants, and the rising duties placed upon imported sugars by governments increasingly anxious for revenue, particularly war revenue, placed the industry under strain.

Squeezed by the planters and the excise, the refiners experienced a drastic reduction in their ability to meet the 'unreasonably' high premiums imposed by the limited number of established insurance companies who would carry their risks. Of all industrialists, they could not trade without protection from fire, and sideways diversification into fire insurance on their own account made excellent commercial sense for the sugar bakers.

To a degree, then, the formation of the Phoenix did not simply represent an overspill from the central current of national economic expansion. Rather it was the outcome of a defensive manoeuvre, a countermeasure devised by the brighter spirits in a straitened trade.

Diversification

Beyond this, however, there was a wider entrepreneurial value to the Phoenix diversification. Insurance, then as now, was for many buyers something well above the level of necessity, more likely a luxury.

England in the eighteenth century was growing richer and insurance was an increasingly suitable commodity for more and more of the community. Diversification, therefore, was not only defensive; it also represented entry to a new and promising market for industrialists nurturing doubts about their own markets.

To students of mythology the choice of the non-inflammable bird by a band of sugar bakers as the emblem for their new venture may seem glaringly obvious. But the bakers had more immediate reasons for adopting the device.

"Phoenix" in refiners' talk had another meaning: "phoenix dactylifera." The date palm was, after cane and beet, the chief natural source of sugar and the *first* source of manufactured sugar. The juxtaposition was perfect: from phoenix came the first makers of sugar — from the sugar refiners came Phoenix. For the refiners "Phoenix" was precisely ambiguous.

Specialisation

Paradoxically, the professional specialization of the Phoenix management created other advantages in their entry into the new enterprise. They were almost certainly administratively more proficient than the collection of financiers, spiced with merchants and rentiers, who presided over their main rivals. They could talk with some unanimity on these subjects.

Undoubtedly the sugar qualification carried some other extra special benefits. Sugar bakers, of necessity, purchased an imported commodity and traded close to the wharves. They knew about cargoes, vessels in harbour and warehouses, all fit subjects for the growing insurance trade. Moreover, this particular raw material import took their interest back along the trade routes, to plantations, to ports of transhipment, and, most importantly, to the major centres of refining overseas. They had a wide foreign acquaintance among growers, agents, merchants and consuls.

It was no accident, therefore, that Phoenix was the first British insurance company to transact foreign business on any considerable scale. Opening its first foreign agency at Nantes in 1786, it beat the Globe in taking British insurance overseas by 20 years, the Royal Exchange by 29 years and the Sun by all of fifty years. Thus the company was the originator of the great insurance sector of invisible exports and the pioneer of a service in which Britain was to achieve world domination by the late nineteenth century.

Overseas expansion

Having played one ace from its pack when it entered Europe, Phoenix had another up its sleeve. With a taste for American business from its home foreign account on risks in that country's centres of the sugar-trade, principally Charleston and St Petersburg, Phoenix opened its own shop in the United States by appointing an agent in New York in 1804. This move created exciting new markets for the company and, once again, led the way for the whole British insurance industry.

Overseas expansion was undoubtedly one of the most important entrepreneurial developments in the group's history and, also, the source of much of its early competitive superiority. But entering Europe and the United States only served to whet the appetite, as it were, for overseas trade. Simultaneously, Phoenix eyes were being cast on other territories and soon its wings were stretching far and wide setting up a network of subsidiary and associated companies and general agencies throughout the world.

This pattern of overseas representation lasted until around twenty years ago when pressure and legislation by governments in some areas, where it had been found necessary to retain funds to assist development in their own countries, brought about changes. Phoenix overseas operations, today, are conducted in the main through subsidiary and associated national companies but some valuable agencies still survive.

Phoenix office in Bristol.

Strongest organisation

Another significant step was taken in 1964 when Phoenix entered into a formal relationship with one of the largest fire and casualty insurers in the USA, The Continental Insurance Company of New York, which became a substantial shareholder in Phoenix. A scheme for worldwide co-operation between the two groups was drawn up and implemented almost immediately. The move established one of the strongest organisations in the world insurance markets for handling centrally controlled insurance programmes for international industrial and commercial groups.

The most recent developments in the overseas operation took place over the last three years when agreements were reached with the Prudential in South Africa and Australia for a merger of the companies' non-life interests. Under the joint title of Phoenix Prudential, the rationalisation of both companies, non-life business portfolios in those countries is already proving to be a sound decision.

During the early development of the foreign operations, Phoenix managers were giving equal attention to their affairs at home and assessing the pros and cons of taking other classes of business on their books.

Life venture

They were cautious, watching from the side-lines the moves of other companies and profiting from their experiences. After fifteen years a mass of technical and statistical information had been accumulated. A new life venture was launched "under the form and stile of the Pelican Life Office."

The new company successfully worked out its destiny for over 100 years, aiding its own growth through the acquisition of other life companies. By the beginning of 1908, the Pelican became formally allied to the Phoenix, and lost its independent identity. Today Phoenix is an acknowledged leader in many branches of life assurance.

Accident market

The move by Phoenix into the broad territory of accident insurance largely followed the pattern of many of the old-established fire offices. Legislation of 1845 and 1880 led to the formation of a number of accident offices. Phoenix remained an interested onlooker until 1895 when it became an "accident registered" company. That was only a small start. It took the Workmen's Compensation legislation of 1906 to persuade the company to join the competitive accident market.

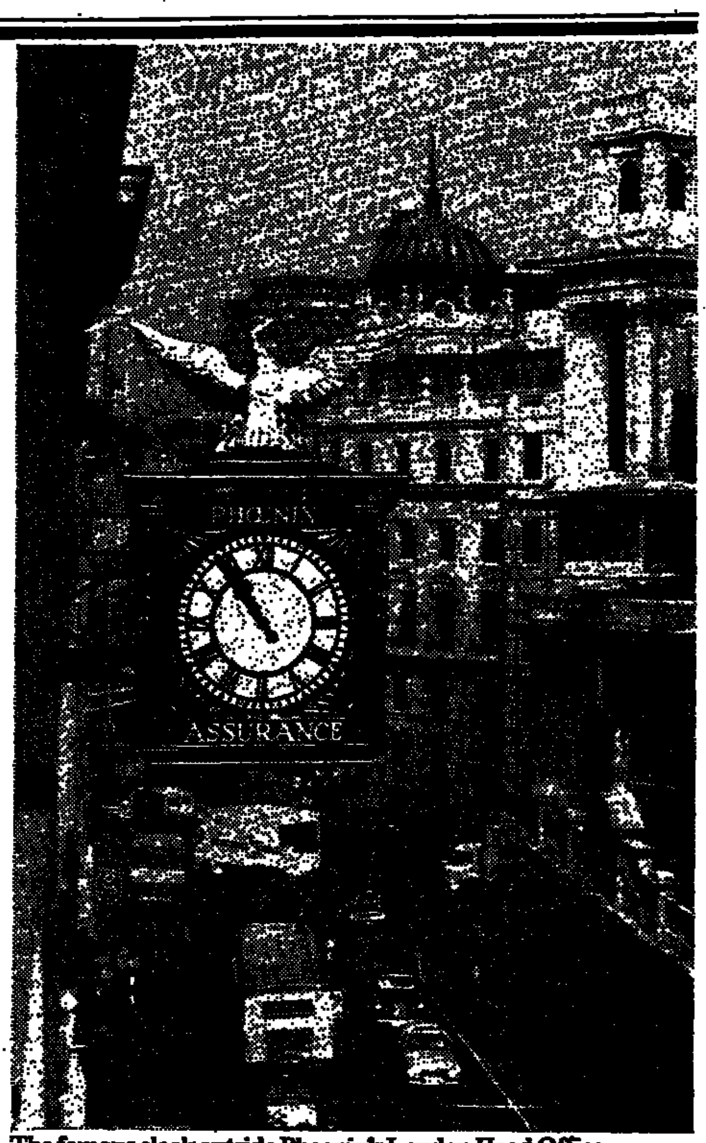
Within twelve months accident underwriting activities of the group had extended overseas. The really significant entry into the market took place in 1922 with the purchase of the soundly based, 53-year-old London Guarantee & Accident Co. It had a strong home market and an important presence in the United States, Canada and Denmark.

All major classes

Following the development of fire, life and accident business as a base, by the early part of the twentieth century, the directors of Phoenix were dedicated to developing their enterprise into an office writing all the major classes of insurance. They began to assess the prospects for marine insurance. They finally took the plunge in 1910 when the first marine business was placed on the books. The account was barely opened before, in the next year, Phoenix bought the Liverpool-based Union Marine Insurance Company Limited. Thus a valuable foothold was established in the country's busiest ports and the parent company was firmly launched into marine business.

The next stage in the group's development came with the entry into the reinsurance market in 1926. A shareholding, converted seven years later into a controlling interest, was bought in a specialist company, Tariff Reinsurances Ltd. By the 1970s, the increase in restrictions on direct writing operations in many parts of the world had created a need for a new international reinsurance entity to supplement the direct writing activities of Phoenix. This changed the place of Tariff Reinsurances within the group.

The final move into the composite insurance markets took place in 1931. Along with other large companies, the rapidly developing aviation insurance market was entered through a joint holding in British Aviation Insurance Co Ltd. A "shrinking world", the direct result of the formation of the great national airlines, opened up new and still bigger markets. In 1961 Phoenix decided to strengthen its stake and formed its own aviation department.



The famous clock outside Phoenix's London Head Office.

Acquisitions

By now the Phoenix firebird had become the parent of fledgling but fast-growing accounts in all the major classes of insurance. Throughout the transition to this state, many smaller companies had been taken in, each in turn strengthening the Phoenix's overall position in the market.

With this ideal firmly in mind, the 1970s saw a new and unprecedented flurry of acquisitions and other developments. First, the Bradford-Pennine group, specialists in the motor field selling only through insurance brokers, joined the Phoenix family. Then followed the acquisition from Friends' Provident Life Office of their general business arm. The Century Insurance Company Ltd, with its subsidiaries.

The business of the London Guarantee & Accident Co Ltd had been progressively absorbed by Phoenix over the years until in 1975, it found a new purpose and, at the same time, a new name, London Guarantee & Reinsurance Co Ltd. It took from Phoenix the shares of Tariff Reinsurances Ltd and thus a strong and professional reinsurance arm for the group was formed.

More and more

The life assurance side took on its own names. Ebor Phoenix Insurance Co Ltd., Property Growth Assurance Co Ltd., and Phoenix International Life Assurance Co Ltd., all specialists in particular fields, joined the group.

Phoenix joined with Deutscher Automobil Schutz of Munich, Europe's largest legal expenses insurers, as equal partners in a new company, DAS Legal Expenses Insurance Co Ltd. Legal expenses insurance was then a relatively new concept in Britain but today the need for it has been firmly established.

All the major insurance companies are experiencing considerable underwriting difficulties which have hit profitability. During a world recession, little can be done by insurers. When more normal trading conditions begin to return, the Phoenix combination of a broad geographical base and portfolios in all classes of insurance, will enable it to control its involvement as circumstances demand in the world markets for the ultimate benefit of its overall results.

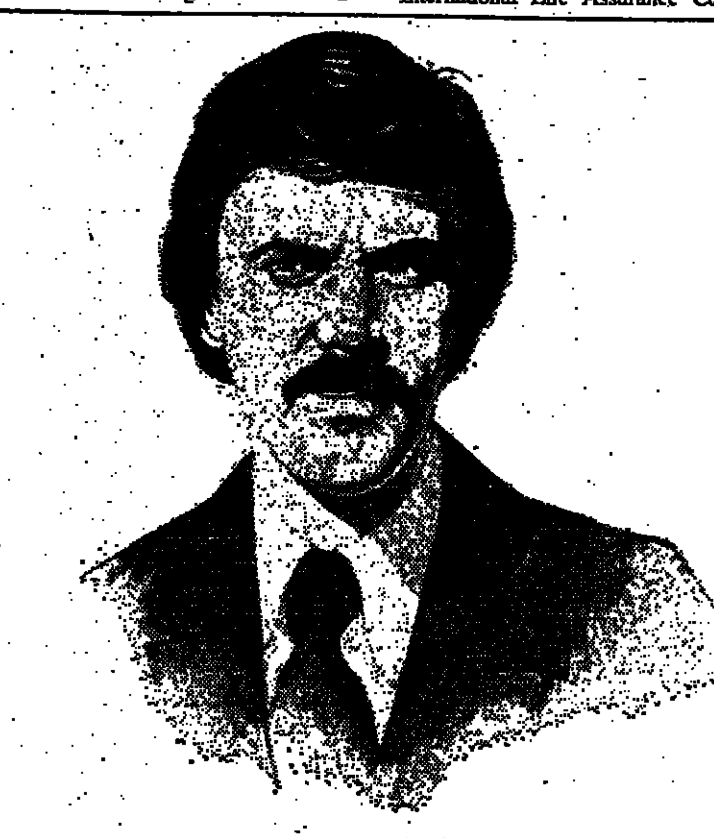
200 years – so far

Phoenix is proud of its past and rightly so, but does not believe that it confers on the company any rights or privileges in the conduct of its current affairs. Today and tomorrow are regarded as new challenges to be met with all the modern thinking and resources at its disposal — backed, nevertheless, by 200 years of valuable experience — all in line with its philosophy of responsibility to its policyholders, shareholders, staff and the communities where it operates.

Lord Byron
(1788–1824)
Life assured with Phoenix

Benjamin Disraeli
(1804–1881)
Life assured with Phoenix

Sir Winston Churchill
(1874–1965)
Life assured with Phoenix



Robert Venn
Par, Cornwall
Life assured with Phoenix

Phoenix reassurance–trusted for two centuries.

PHOENIX ASSURANCE
1782-1982

ADVERTISEMENT

"Commercial" Enterprise–Two Centuries On

EVER SINCE its sugar refining founders gave birth to the Phoenix 200 years ago out of their disenchantment with the high fire premiums and limited capacity of the then sellers of insurance, commercial classes of business, and particularly *commercial fire and consequential loss insurance*, have formed the backbone of its growing portfolio of risks.

Over the years, the scores of fire *prone sugar vats may well have* disappeared but the early expertise gained in the insurance of industrial, trade and commercial risks laid the foundation for what has *become a major commercial lines* insurer. Indeed the Group's early, and, in its day, novel acceptance of what was quaintly referred to as "the peculiar insurance of loss of income *from fire*," *aptly illustrates* both its prominence in this market and its early search for new outlets and product opportunities.

This spirit of endeavour has been the keynote throughout the years and it is no better depicted than by "Enterprise," the latest of the Company's new commercial contracts, which is as progressive in today's market as that first "sugar house" policy 200 years ago.

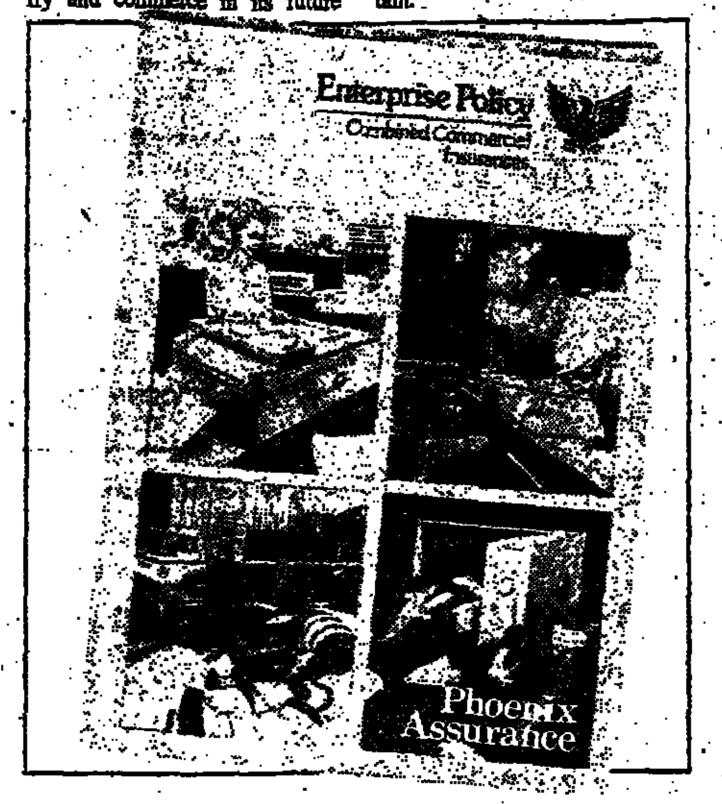
Insuring within Enterprise a flexible one-policy package of covers, *its clients can buy protection not* only against the risk of fire and the loss of profits arising from it, but from a host of other perils including explosion, riot and malicious damage; storm, flood and burst pipes; and damage by impact of motor *vehicles and aircraft*. Moreover, the client can tailor his own cover to include theft, whether of property or money, injuries caused by personal assault, legal liability to pay com*pensation to employees or the* public, the breakage of glass, the deterioration of frozen foods, and, within an "all risks" section, accidental damage and many more co*vers besides*.

Developments such as this reflect not only the contemporary demand for a wide range of covers, but the inevitable expansion and increasing complexity of the country's industrial and commercial activities. Phoenix has been to the fore not only in answering this demand, but in supporting industry's growing need for financial protection against an ever-widening list of fortuitous losses, and in its efforts to reduce the wastage of *valuable* economic assets through risk improvement.

Today, Phoenix figures largely in the insurance programmes of many famous national and international companies where its blend of risk *assessment and improvement* through location surveys and process evaluations, and its risk acceptance capacity through primary and reinsurance facilities, enables it to offer an *all-round* package of insurance support. Equally, the many more thousands of smaller companies whose products, liabilities, warehouses, factories, shops, employees, motor vehicles, all need insuring in one way or another, find *the experience and service offered* by the Phoenix a sound investment.

Looking to the future, Phoenix sees an increasing demand for product packaging in the form of its *Enterprise policy, and perhaps to* newer forms of "all risks" style covers. The simplification and economy they offer to insured and insurer alike makes the trend highly desirable and to a degree inevitable. The danger, though, lies in the all-too-often sequel of premium rates falling below economic levels. This would be sheer folly in today's marketplace where, due to the effects of recession on business, the need for premium to contain costs, *high interest rates*, and the market's alarming over-capacity, premium rates have already been driven lower and lower until they no longer offer any hope of reasonable profits.

It is absolutely vital, in Phoenix's *view, that if the commercial lines* market is properly to support industry and commerce in its future *growth, then sound business sense* and reasonable premiums must pertain.



Non-smoking discounts: Progression through regression

PHOENIX, leaders in life assurance underwriting, was one of a small number of insurance companies recently to take the initiative of applying different rates to smokers and *non-smokers* and substantially different rates at that.

At the beginning of February, Phoenix launched its Increasing Protection Plan with a 25% discount *for non-smokers*.

For some time now Phoenix has boasted of its sympathetic approach to underwriting. In other words, Phoenix reckons to have the skill *and the knowledge accurately to* assess the effect of a health problem on a person's life span so as to produce a competitive rate to the policyholder and a profit to *Phoenix. The result, of course, must* be that a higher than average number of such people look to Phoenix for their life cover. This situation is compounded by the fact that the Phoenix speciality is term assurance – high cover for low premiums with no margin for error by the underwriters. *Despite all of this, last* year 94% of policies were written at the published rates and out of almost 50,000 less than 100 people were turned away, some of these being invited to reapply later.

It is perhaps paradoxical that an office with this reputation to safeguard should now reverse the trend and discriminate against smokers. Although it is equally clear that such action by Phoenix cannot be regarded as a marketing gimmick. An *examination* of the statistics produces an overwhelming argument (Phoenix took into consideration 8 studies from North America, Britain, Japan and Sweden). These *show that there* is a wide difference in the mortality of cigarette smokers and non-smokers, precise differences *depending* on number of cigarettes smoked, age and, *perhaps*, the length of time since smoking ceased. The 25% discount reflects all of these factors and a need for simplicity. Pipe and cigar smokers get the benefit of the doubt and qualify for the discount.

This apparent reversal of the trend has its parallel in the recognition some *twenty years ago that* women live longer than men. This took the form of treating women, for the purpose of calculating premiums, as men four years younger. (Conversely, a higher incidence of sickness among females results in higher permanent health insurance rates, a practice not without its critics!)

The wealth of statistics on the mortality of smokers and non-smokers which has emerged in recent years shows that the difference in mortality is at least as great as that between males and females. One problem for the insurer is that smoking habits can change – more frequently than changes in sex! Nevertheless, the discount is available for the whole period of the insurance policy subject only to no cigarette smoking in the past 12 months and no intention to start.

Judging by the success of the new Phoenix policy – it attracted 1,500 applicants in the first two months – other insurance companies are likely to follow Phoenix.

Increasing Personal Insurances

COMPETITION for personal insurance business has intensified significantly in the last year as conditions in the commercial market have worsened. Insurers are competing aggressively for new business, such as motor and household accounts.

The increased competition has led to a marked slowdown in the rate of private motor premium increases. During 1981 Phoenix rates were increased once by just 3%. Inflationary pressures continue to have their effect on claims settlements and it is expected that premiums will eventually have to rise.

The most severe winter weather *this century has produced a flood of* burst pipe and associated storm damage claims on household insurances. Moreover, theft losses from domestic property have risen very *sharply in recent years, particularly* during the recession. A private home is broken into on average every 90 seconds, suggesting that theft losses are reaching epidemic *proportions*.

In these difficult trading condi*tions the Phoenix is well placed in* the personal insurances market. As a result of the group's success with the Bradford-Pennine, the specialist private motor arm of Phoenix, it was *decided in the mid-1970s to re*-examine the group's position in the personal insurances market. Phoenix at that time had a relatively small private motor portfolio and a *major proportion of its personal* insurances business was concentrated in the household field. A traditional composite philosophy of underwriting was applied to the motor account. Therefore, unlike Bradford-Pennine, Phoenix was prepared to underwrite a wide range of risks including high performance cars.

After a detailed appraisal it was decided that the Phoenix operation should be expanded to fulfil a complementary role to that of the Bradford-Pennine. The key objective would be to expand significantly the company's share of the UK personal insurances market. It was recognised that in order to do this *effectively new systems and new* products would be required.

By 1978 the early stages of an advanced computer system to handle both private motor and household business was complete and field trials began. At the same time it was decided that the company's structure should be altered to reflect the new situation and Phoenix became one of the first leading insurers to create a separate and autonomous division responsible for developing personal insurances business.

At the beginning of 1980 the Phoenix replaced their existing *household* contract by *launching* "Home Policy '80." The policy cover was completely updated and a radically new concept in policy drafting was introduced. The contract was the first "plain English" household policy in the UK and it swept aside the "hereinafters" which had traditionally made policy wordings incomprehensible to the *layman. It contained full colour* illustrations and initially provoked some disbelief from certain policyholders that it was indeed a "proper" policy. Within a few months "Car Policy '80" in a similar format was also introduced.

As these products were launched the completely *new* PIPER (Personal Insurances Policy production Enquiry and Revision) computer system was unveiled. The system covers all aspects of private motor and household policy production. It includes enquiry facilities that allow policy, accounting and claims details to be examined. It also *enables underwriters to revise policy* details when policyholders request amendments. Letters, schedules, RTA certificates and other documents are produced automatically.

All data is entered by means of visual display units at the 20 main Phoenix offices throughout the British Isles. These are linked by *means of a telecommunications* network to the central IBM computer facility in Bristol.

The immediate impact of the new system was a significant step forward in *operating efficiency* and quality of service. These gains were quickly passed on to policyholders in the form of more competitive premiums. Since then the company has advanced very rapidly in the UK market. The group (including Bradford-Pennine) has now well over 1 million private car policyholders and is the third largest company for this class of business in the UK. From a small start this position has *been achieved in ten short years*.

Home Policy '80 was quickly recognised by brokers as a market leader in terms of cover and style of presentation. Earlier this year it was decided to drop the "80" and reduce the title to "Home Policy." Broker enthusiasm is even stronger than at the time of launch and this year has so far seen record production fig*ures. This growth in income* is being achieved on a sound basis without yielding to the pressures of "cash flow" underwriting.

Since Phoenix embarked on its plans to enter the personal insurances market it has made very rapid gains both in premiums written and numbers of policyholders insured. As this growth is based on detailed forward planning, rather than a response to current trading conditions Phoenix expects to weather *the current difficulties that surround* the market and emerge even more strongly placed than it is today.

Protection in numbers

THE NEW member of Parliament for Glasgow Hillhead, Roy Jenkins, had a half hour wait before he could take his *seat* in the House of Commons, while MP's debated the Government proposals to increase the death grant for the first time in 14 years from £30 to up to £250.

To the 250,000 employees whose firms, by the end of last year, had arranged life cover with Phoenix Assurance this debate will probably have brought more sharply into focus the paucity of the State's arrangements and emphasised the benefit of their own cover.

Sponsored Group *Life* Schemes (or Group Death-in-Service as it is sometimes more accurately described) are a relatively unsung but particularly valuable extra to *almost all modern pension schemes* for a number of reasons. On the cost side, if the scheme complies with Inland Revenue rules which are not onerous, the employer obtains tax *relief on the premiums so that* the benefit is usually free to employees.

The Inland Revenue will allow cover up to four times the employee's salary as a lump sum plus a pension to a *surviving* spouse or other dependant of up to 4/9ths of the employee's salary and these benefits are not subject to Capital Transfer Tax.

For some people, however, a more important aspect of these schemes is what is referred to in rather misleading jargon as "free cover." This, of course, does not *mean* that Phoenix doesn't charge for the cover; it means that the insurance is free from underwriting. *In effect*, all employees at work on the day a scheme commences are automatically covered irrespective of their state of health.

Phoenix *is* a specialist in this type of business; an office later to become a Phoenix subsidiary, London Guarantee and Accident, was one of the pioneers of Group Life *Schemes in 1919. The Phoenix free* cover levels are among the highest available. For example, a 100 employee scheme could have "free cover" of £350,000. In common *with non-life commercial insurance* the Phoenix Group Life portfolio, worth an enviable £13m in premium income *last* year, is under attack from other insurance companies charging rates which Phoenix regards as loss leaders. Having successfully withstood assaults of this type on a number of previous occasions, Phoenix will, no doubt, do so again.

A very substantial part of the £13m premium income for Group Life Schemes is attributable to business more difficult to define because of its variety. The variety stems from that healthy entrepreneurial attitude of considering anything which offers the potential of profit.

At one end of the scale is the scheme arranged by the Governors of a public school to provide continuance of fees on the death of parents; at the other, the natural concern of a famous football club to be in the financial position to replace valuable players who might die.

With many of these group schemes the individuals who are covered do not realise it. It probably does not occur to many of us that a major insurance company is backing up the loan agreement, for example, which requires no further payments on the death of the borrower.

Phoenix International

IN THE first six months of 1981 235,000 people left the UK, mainly for Australia, EEC countries, USA, *Middle East, Canada and South* Africa. The Professional Engineers Insurance Bureau estimate that 35,000 qualified engineers are engaged on contracts abroad of various durations. For such expatriates, working overseas provides a major opportunity to accumulate capital free from the ravages of the UK tax system. Phoenix was the first major UK office to respond to these expatriates' need for a reliable investment/savings medium.

Phoenix International was established in 1977 and is based in Guernsey where there is both politi*cal and economic stability; features* not always present in more exotic off-shore locations. From this base, tax efficient investment vehicles can be made available to those not *resident* in the UK or Guernsey which are the envy of UK residents.

A range of policies to suit different needs and pockets is enabling the expatriate to select not just the *type of investment but the geog*raphical spread and currency. There are five funds to choose from, three of which appeared among the best performers in the April edition of the magazine Resident Abroad.

While the expatriate enjoys a relatively favourable tax position in respect of income and capital gains taxes, he nevertheless risks, like the rest of us, liability for Capital Trans*fer Tax on death. Even if death* occurs abroad CTT may be chargeable on assets anywhere in the world. Only last month Phoenix International scored a first by *launching an ingenious scheme* designed to mitigate the effects of CTT.

Cheaper Life Assurance from computerisation

IN 1981 the Life New Business Department of the Phoenix Bristol Head Office issued 49,846 policies. This with an establishment of 66 people and a modern computer system. *In 1973, just before being* disrupted by relocation from London to Bristol, the same department issued 13,032 policies with only 11 fewer people. In other words, output *per individual increased by 314%*.

During this period, if anything, the job became more difficult as an increased recognition of the need for pure life cover enabled Phoenix to expand its new term assurance business more than nine-fold. Businesses concerned at the effect *on their turnover of the loss of a key* employee, and banks, perhaps lending money for business expansion on the personal covenant of a director, seeking to be protected if the *director died, resulted in Phoenix* writing more large term assurance policies. In 1981 3,000 policies for over £100,000 sums assured were written. These larger policies required even greater underwriting skill – a matter of judgement in which no computer can assist.

In 1973, a £50,000 10-year term assurance policy cost a 40 year old male £138 p.a. At the end of 1981 the same policy cost £129 p.a. In the same period RPI moved from 98.1 to 308.8 (a 315% increase). Therefore, not only has the cost fallen in actual terms but there has been a very *substantial fall in real terms*. This, of course, cannot wholly be attributable to savings in administrative costs brought about by computerisation. Improvements in mortality and the relatively high interest rates of recent years have also helped.

Phoenix has already begun to extend this successful computerisation formula to other parts of its *business* and not *only* in Head Office: computer terminals can be found in all the major Phoenix offices across the country.

Simple language of Pension Plans

PHOENIX *is always at pains* to adhere to the main principles of insurance; it is equally at pains though to reflect and to determine changes in attitude and modern values. *With this in mind, in the* 1970s Phoenix minds were addressed to individual pension provisions. A path was steered between the Scylla of with-profits policies and the *Charybdis* of the unit-linked approach. A contract style was developed with the objectives (apart from increasing premium income) of securing for the policyholder a guaranteed yield where the guarantee is not based on *some random* value of merely temporal interest but on an index responsive to changes in conditions and close to the hearts and bank balances of most – The Building *Societies' Association* Recommended Mortgage Rate.

In choosing this link, Phoenix is committed never to fall short but is not precluded from exceeding the mortgage rate. For the policyholder this means protection from "actuarial discretion" as practised by the with-profit offices in withholding *surplus for the benefit of the greater* good of the greater number and protection from the vicissitude of stock market fluctuations as courted by unit-linked contracts.

The Phoenix house-style for individual pensions is "deposit *administration*." A *deposit* account/share account type of personal fund is set up for each prospective Phoenix pensioner, and Phoenix administer (and provide) the allocation of interest.

Policyholders are not necessarily best served by "keeping it simple." Phoenix operates through 10,000 professional insurance brokers who act as interpreters anyway. But it believes an insurance company ought to present its product free of the shrouding mists of jargon. The *benefits and costs should be crystal* clear. With a Phoenix Pension Plan every member, be he self-employed, a member of an Executive Pension Plan or a contributor to a Voluntary Pension Plan, receives an annual statement showing exactly what has been paid and when, exactly what has been added and what is the value *of the individual's fund*. Pension Plan also makes a fetish of a clean approach to management charges – these are clearly stated at the outset.

Contrast this approach with the esoteric style of a typical with-profits policy. No statement of account, management charges obscured by clouds and cushioned from the conceivably detrimental effects of comparative analysis. The benefits are often excellent but a potential purchaser cannot be sure until he/she has grasped the fundamentals of reversionary bonus, interim bonus, terminal bonus, deferred annuities and other technicalities.

This could all be explained on the grounds that these arrangements were all conceived, written and performed over a hundred years ago. The unit linked offices are of a more recent vintage and have made much of their appeal to consumerism. Nevertheless, fresh off the mark, with a clean sheet, an empty glossary and a wide brief they choose to present their wares dressed with a bid and offer spread, capital units, *accumulation units, and, of course,* switching facilities.

Product presentation is determined not only by what the product is designed to do but how it is *designed to do it*. A comparison of the relevant value of with-profits/unit-linked/deposit administration is difficult and depends largely on how one values certain things.

It is difficult to present with-profits and unit-linked business in layman's language – Deposit Administration was made for it. In more creative realms than pensions business, variations on a theme occasionally surpass the original theme. For pension contracts, function is the only criterion, hence a purpose-built product like Pension Plan scores over the with profits/unit linked vehicles designed for life assurance and savings and since converted for use in pensions.

Phoenix Pension Plans are designed with Deposit Administration as the binding style – to offer pension products providing good value as measured by the public and do so in the clearest manner possible.

Linked Business

UNIT LINKED life assurance has come a long way since there was one sort of policy linked to one unit trust. The number of different funds available to policyholders now is very large indeed, and there is hardly a major life office which does not write some linked business. Indeed, so important has unit-linked life assurance become that it represents about a quarter of the total new business of the life offices altogether. In terms of lump sum investments, by far the greater proportion is written as linked business.

Linked business started as a move by a small section of the life assurance world to provide policyholders with a direct stake in equities, with the benefit of life assurance. The various policies available have since become much more complex and sophisticated. The links are many and varied, and probably extend far beyond what the originators and designers of those original policies ever envisaged.

Property Growth Assurance, the Phoenix's subsidiary writing linked business, has pioneered many developments in the field, including the offer of policies linked to a fund holding agricultural land. Linking of this nature extends also to pension policies and annuities. Indeed, PGA appears to be the only office offering a unit linked immediate annuity.

Paradoxically, linked contracts despite their complexity are relatively easy to understand. The traditional bonus system has always been difficult to explain but the holder of a linked policy can see exactly how his policy works.

Life assurance has always done a great deal more than providing protection against the financial consequences of early death. Many an insurance man has begun his training by being told that the purpose of life assurance is to give protection against dying too soon or living too long.

But it is perhaps only in the 20th century that life assurance has been recognised as an excellent medium of saving. It is the unit-linked policies which have done much to expand upon and develop the endowment assurance and the whole life assurance.

A unit-linked policy can be linked to such solid investments as term deposits with banks – safe enough for the most cautious granny. The underlying idea is straightforward. The assurance company does its sums exactly as it would for a conventional policy. The actuary will calculate a premium rate for a given sum assured, and the sum assured will be paid on death or, for an endowment assurance, on a specific future date.

With a conventional policy, the rate will also depend upon whether that policyholder is to share in the profits of the concern. On the other hand, if the policy is unit-linked, the policyholder will share in the profits and in the losses.

It provides a guaranteed sum assured on death, as does a conventional policy. The difference lies in how the profits (and losses) are shared. Profits and losses in this context means investment profits or losses. The insurance company always carries the risk of death.

A conventional contract smooths out profits over the years. If the contract matures or becomes a claim when markets are depressed there will have to be in effect a transfer from investment reserves to meet the bonuses which have already been declared. Conversely, if a substantial investment profit is made in any one year, a part can be reserved to meet or to cover future hard times.

Under a unit-linked contract the policyholder receives the value of his investment at the time, no matter how large or how small.

It has been argued that the unit holder could end up with very little. But not all the links are volatile, and usually the policyholder may change his link from a volatile fund to a stable fund when he chooses.

It is well known that the prices of many investments can go down as well as up. Property values, for example, seem generally to move steadily upwards although there are occasional hiccups. A fund linked to property is less likely to have violent fluctuations than a fund linked to, say, international equities, where there are also currency movements to be taken into account.

Property Growth Assurance, the unit-linked subsidiary of Phoenix, offers a full range of funds. As well as the equity, property and gilt funds it has pioneered a fund linked to agricultural land (where values have doubled since the fund was launched). It is the only insurance company from which it is possible to buy a linked annuity.

The linked companies have been innovators. They have been leading the life assurance industry over the past decade. Property Growth Assurance has been no exception.

Property Growth Assurance has always recognised the need for policies tailored to meet specific needs. All linked policies need a different approach; it is not sufficient to take a conventional policy, remove the bonuses and substitute a direct link to investments.

The Chancellor said in his Budget speech last year "People are deterred from transferring their property during their lifetime. This is undesirable." Property Growth is anxious to support the Government and its CTT plan has been helping people to achieve the desirable end of transferring property during their lifetimes for the last four years.

Those who take out such a plan are able to retain a lifetime income at a rate which can be linked to the income from real assets, while making an immediate and tax efficient transfer of capital to their children or grandchildren.

The plan works by modifying the traditional investment bond and provides a cash gain on death under a separate policy. The investment bond provides the lifetime income and gives the policyholder complete control over the underlying capital. Unlike a conventional investment bond, however, there is only a nominal death cash sum.

The real death cash sum is provided by a separate policy, which is written upon trust. So, effectively, the second policy is given away, and giving away that policy constitutes a gift for CTT purposes.

What is being given away is the right to receive the value of the investment at a future date – the death of the policyholder, or of the survivor of a married couple.

Clearly, the present value of such a gift will be less than such an amount receivable in the future. The basis for calculating such values has been agreed with the Capital Taxes Office.

The income continues unchanged after the first death, and on the second death the capital value of the whole investment passes to the chosen beneficiaries with absolutely no tax liability at all.

PHOENIX ACROSS THE WORLD

OVERSEAS markets are of great importance for the Phoenix. In 1981 over half of its non-life premium income came through subsidiary and associated companies, branches and agents abroad.

The largest single contribution is made by the United States and this amounted to £80.5 million in 1981. Following the 1964 association with Continental, the insurance business of the Phoenix group subsidiary companies in the United States was merged with that of the Continental group and placed under Continental management. The resulting pool of business has since then been shared: 94% Continental and 6% Phoenix. This participation provides most of the Phoenix premium income in the United States.

Considerable advantages have flowed from the pooling arrangement. For both members there have been savings in operating costs and particularly for Phoenix the pool has represented a much greater spread of risk than would otherwise have been possible.

In the current depressed insurance conditions in the United States market the heavy underwriting losses affecting major operators cannot be escaped, but there is no doubt that when conditions begin to improve Phoenix, through its participation in the Continental pool, will be very well placed to enjoy the benefits of improved results.

Premium income from Canada totalled £25.5 million in 1981. The Phoenix Assurance Company of Canada has its Head Office in Toronto and covers the eastern part of the country. The Century Insurance Company of Canada, with its Head Office in Vancouver, operates in the west. The cyclical nature of the Canadian market is notorious and market losses were at record levels in 1981.

However, in the personal sector, in which the Phoenix group is particularly prominent, it became possible during 1981 to achieve some premium increases and it is expected that further upward rate revisions will be possible during 1982. There are, therefore, some grounds for at least hoping that the bottom of the current cycle was reached in 1981 and an improving trend will be emerging. As soon as this becomes apparent the group will seek to increase market share and is confident that this can be achieved with profitable results when the time is right.

The Phoenix is well represented throughout Europe. It has subsidiary companies in Belgium, Denmark, Greece, Netherlands and Spain and an associated company in France. In addition there are agencies, either of the parent group or of the subsidiaries, in Norway, Sweden, France, Germany, Belgium, Netherlands, Greece, Italy, Gibraltar, Portugal, Cyprus and Malta. Operations from these trading units generated more than £68 million of premium income in 1981.

As in most other developed areas of the world conditions in Europe are not easy, with high operating costs being an increasing problem. Use of ever more sophisticated data processing facilities will improve efficiency within the Phoenix group of companies in Europe, just as elsewhere, and help to ensure fulfilment of a continuing objective which is to maintain and develop a major and profitable involvement in Europe.

The San Francisco Earthquake, 1906. Property insured with Phoenix to the value of $3,032,640.

Elsewhere overseas the group is active in most major areas where insurance can be transacted in the private sector. It has subsidiary companies in Bermuda, Brazil, Kenya, New Zealand, South Africa and Zimbabwe. The network is completed by a long list of associated companies, branches and agencies in Australia, the Far East, the Middle East, Africa, South and Central America and the Caribbean. The group has made particularly satisfactory progress in the Far East and Africa where longstanding operations have been expanded and new associations have been formed which are already developing well and showing exceptional promise. The most difficult market for some time has been Australia, where the group now has a 50% shareholding in Phoenix Prudential Australia Limited, which writes the merged Phoenix and Prudential/Cornhill non-life business as from 1 January 1982, providing a broader base for future trading and for economies of scale.

The association with Continental has, of course, produced significant benefits outside the United States. In some territories both companies are shareholders in the same domestic insurance entity and even where this is not the case benefits accrue to both companies from co-operation wherever this can be achieved.

A most important link was forged early in the relationship when the Continental Phoenix International Division was created, based in New York but operating also out of London. The international division has successfully organised and provided a complete response to the worldwide insurance needs of multi-national corporations. At the start such corporations were mainly based in the United States but increasingly the pattern of British multi-national companies' handling of their worldwide insurance needs has changed and they too are finding that the international division can provide a complete and highly efficient service, worldwide, but organised centrally. More recently there has been demand for these multi-national programmes for corporations with headquarters elsewhere in the world and this too is being satisfied by the international division.

The Phoenix group which has served the insuring public around the world for 200 years now faces the future confident that its network of companies and representatives, plus its facility to satisfy the multinationals, will enable it to meet whatever new demands are made on its services in the future.

Assurance in Business

"IF I HAD my way, I would write the word 'insure' over every door of every cottage and upon the blotting book of every public man, because I am convinced that, for sacrifices that are conceivably small, families can be secured against catastrophes which otherwise would smash them up forever.

"It is our duty to arrest the ghastly waste, not merely of human happiness, but of national health and strength, which follows, when, through the death of the breadwinner, the frail boat, in which the fortunes of the family are embarked, founders and the women and children are left to struggle helplessly on the dark waters of a friendless world."

WINSTON CHURCHILL,
ON 23 MAY 1909 AT FREE TRADE HALL, MANCHESTER

WORDS TO launch a thousand insurance companies!

Phoenix, not surprisingly, would have no quarrel with these sentiments. The significance of the extract though lies in the character of the speaker. Churchill's worst enemies would not accuse him of being risk averse. The venue too is apposite. Free trade never meant trade without costs. The 'laissez faire' economists believed in the growth of free enterprise through sound management based on knowledge of the relevant facts. The sentiments of Churchill's speech, although aimed at families, have, therefore, just as much relevance to business and in particular to the function of risk management in business.

Risks in business can be categorised into those which can be avoided, minimised, ignored, carried or insured with a measure of overlap unavoidable.

Only some of those which can be insured will be discussed here.

In that more obvious of risk management functions – identifying and measuring the risk – one of the easier subjects can be the role of people. In particular for those small businesses in new industries which the Government see leading Britain's economic recovery, the contribution of people is crucial.

So often this type of business will have one or two people at the helm, typically a marketing man and a production man. So dependent on the skills of these top people is the company that their death or permanent disability would spell disaster. That is a business risk for the company but not one which can be avoided. Minimised, yes, in time as the company grows and replacements are weaned and the management pyramid developed. It certainly cannot be carried by a new business – the jobs of all the employees and the standard of living of their families is at stake. Unfortunately, it seems, however, that is exactly what is happening. The solution to the problem – insurance – is not nearly so prevalent in the UK as, for example, in the USA where one in four companies have cover on at least one executive. The question remains whether this reflects risk aversion on their part or a lack of risk awareness on ours.

Phoenix was probably the first insurance company to respond to this need in the 1950s by promoting life assurance cover for this purpose, adding to the package the natural accompaniment of Permanent Health Insurance in the 1970s. Last year it went a stage further in producing an audio visual presentation on the subject to acquaint its brokers of the need for this type of protection.

Companies in the UK should realise that an outstanding executive creates risks as well as benefits. His talent is a burden in so far as it demands the employer's commitment, capital and the opportunity costs of orienting strategy to play to his strengths.

The Phoenix approach to what it calls Keyman Cover is typically straightforward. Refusing to cloud the basic requirement of protection with such issues as investment, golden handshakes etc, which are a feature of some approaches, Phoenix advise pure life cover, term assurance and pure disability cover permanent health insurance. If there is cash available for other things such as pension provision then it is surely better to arrange a specific policy for the purpose. The cost to the company of covering the risk then relates more closely to the possibility of the event occurring.

The need for creative risk management does not end with those employees of special significance. Indeed the application of risk management to all employees is almost commonplace in the form of employee benefits packages.

In effect, with these packages the employer assumes, in part, the risk management responsibility normally falling to individuals. Mainly this is in respect of the risk of a reduced standard of living for the employee and/or his dependants due to a loss of income following disability, death or retirement. In assuming this responsibility for dealing with risks the employer frees the employee from certain worries thereby conceivably enhancing performance. Employee benefit packages also reduce the risk of failing to attract and retain high quality employees.

Largely as a result of Government action on pensions during the 1970s, most firms have organised their employees' pension and life assurance requirements. The recent review by the Government of contracting-out terms are so marginal in effect as to leave these arrangements unaltered. In the rather specialist field of group employee benefits, Phoenix expect in future to be providing two particular services more widely in the future. Group Permanent Health Insurance is one which is covered elsewhere on this page. The other is termed Managed Pension Funds. This is the Phoenix investment vehicle for the larger group pension schemes which wish to forego the guaranteed performance of the insured pension fund, and assume a measure of the "risk" for the prospect of a better (but without guarantee) performance and a measure of control over the direction of investments.

For a major composite office, Phoenix is ahead of the field with six funds and a sound investment tradition evidenced by the birthday Phoenix is celebrating this year. Customers, suppliers and particularly creditors are all anxious to see evidence of sound risk management. Knowledge that a business is 'covered' is a stimulus to enterprise. Sound management of pure risks frees management to broaden their speculative outlook. A crucial part of all this is an awareness of what insurance can do. The Phoenix life and pension portfolio is designed to help in the management of your risks.

Words, of course, come cheaper even than Phoenix policies, but this did not deter Winston Churchill from buying a Phoenix Whole Life policy.

Legal expenses-the new growth market

PHOENIX became involved in the launch, in 1975, of an insurance concept which was totally new in Britain. It joined with Deutscher Automobil Schutz of Munich, the world leader in the field, as an equal partner in a new company DAS Legal Expenses Insurance Co., to launch in Britain what might be called, for easier understanding, private legal aid, but which is properly known as legal expenses insurance.

Under this type of insurance the insurance company will pay the legal costs involved in protecting an individual's rights. These costs include the fees and expenses of solicitors, barristers and expert witnesses, court costs, and opponent's costs if awarded against him. This means that anyone can take up the legal cudgels against suppliers who let them down, neighbours who are making their life a misery or employers who have been unfair – assuming, of course, that there is a reasonable case. Equally important, an individual can properly defend himself if someone starts legal action against him.

Although unheard of in Britain, at the time legal expenses insurance was a well established concept abroad. It originated in 1917 at Le Mans in France where the founders of the famous motor racing circuit, unable to obtain the insurance protection they required, formed a mutual company called La Defense Automotive et Sportive whose initials, DAS, have since become synonymous with legal expenses insurance throughout Europe.

The explanation for this lack of British involvement in what elsewhere in Europe was already a significant feature of insurance business, was to be found in the law of this country. As long ago as 1275, a Statute of Westminster outlawed "maintenance" with a view to preventing harrassment by lawsuit.

"Maintenance" here, of course, has nothing to do with children and abandoned mothers, but means the funding of another in a legal action in which one has no interest recognised by the law.

Maintenance was also illegal in medieval Europe, but it was not until the passing of the Criminal Law Act of 1967 in Britain that the crime and tort of maintenance was abolished.

The total lack of awareness of legal expenses insurance was an inauspicious starting point and while initial research had given DAS and Phoenix high hopes and great expectations they were acutely aware that what they were launching was a totally new concept which even most brokers had not heard of previously. Moreover, it was appreciated that a legal expenses insurance policy offers more than usual scope for selection against the company.

Originally two contracts were offered designed largely on the German model which in that country had made DAS the leading legal expenses insurer in a market worth an overall £400 million and where over 50 per cent of all households now hold some form of legal expenses insurance. But it became apparent that the structure of the German product range (which is sold there direct to the public in fairly rigid packages) was not finding favour in Britain. British insurance brokers are a strong force in the market and are used to tailoring packages to suit individual needs. At this point, with claims ratios which for the family policy occasionally reached 300 per cent, the future of DAS in the United Kingdom did not look entirely certain.

However, within two years of its launch, DAS started to show its individuality and added new products to its range, building in the kind of flexibility which the UK market demands. It now has a highly competitive range.

The key to the breakthrough was the introduction of policies for companies who were not slow to see the benefits. Companies face an enormous number of purely commercial situations where legal action may become necessary to protect their rights, such as faulty supplies, broken contracts, unpaid bills, or vehicles off the road through faulty work by a manufacturer or repairer.

Legal action operates both ways and it is equally possible that a company will be on the receiving end of an action for breach of contract of non-payment of a bill, both of which you may dispute.

Companies can face prosecution under a bewildering array of legislation.

Actions can be brought under weights and measures, trade descriptions, VAT and revenue regulations, health and safety at work and unfair dismissal legislation. But companies daily face new regulations and restrictions through the creation of more laws.

The legal expenses market in Britain has developed in two important ways. First, it is sold on its own merits, independently of any other factor, to cover a wide variety of private and commercial needs.

Secondly – and this is a recent development – other insurance companies are beginning to add legal expenses insurance to one or more of their existing policies, using a legal expenses insurer to underwrite the section. Phoenix, notably, has added it to its household policy, and Bradford-Pennine to its motor policy. Three other companies use DAS in this way. Other companies are known to be planning to follow their lead, and DAS with their experienced and established claims department have a substantial advantage as underwriter for such schemes.

In both of these areas which make up the bulk of the business, the market is dominated by DAS.

Since the early pioneering days, for instance, DAS has remained the only company from which the individual man in the street can obtain a legal expenses policy without any preconditions.

The innovation has continued steadily. This year already launched or in the pipeline are new policies to cover shops, motor bikes, CB users, radio "hams" and holiday and retirement homes. The limit of indemnity on the individual policy has been raised to £25,000 and disputes with other insurance companies have been added to the cover.

The breakdown of business so far in Britain has been significantly different from DAS experience in Germany. There, more than half of total premium income comes from individuals. In Britain, however, individuals provide only about 10 per cent of total DAS premiums, 65 per cent is commercial, both motor and general, and 25 per cent comes from special schemes.

Many of these simply provide standard policies on a group basis but a growing number are arranged to cover a particular special requirement for a group with a common interest.

For example, a group of accountants who act in receiverships has arranged special cover relating to that activity; a national gun club has arranged special cover relating to its members' firearms certificates; and an association of undertakers has protected itself in case any of its members is sued for burying bodies in the wrong place!

Financially, the turning point for DAS in the UK came in 1978. In that year the company achieved its first underwriting profit.

By the end of 1982 premium income is expected to be over £2.5 million and DAS will have paid out something in the order of £1.6 million in claims for legal expenses and will have allocated a further £1.9 million or so to reserve for outstanding claims, as well as handling numerous claims at no external cost.

In 1976 DAS had a total staff of twenty people in all departments; now it has 55, including 13 field staff administering five regions.

After a shaky first few years, when most of the effort had to be directed towards educating the market, it is now possible to look upon DAS with conviction as a fully-fledged, established business, the undisputed market leader in the UK, with a sound base and an expanding future.

Permanent Health Insurance

NEXT APRIL legislation comes into force requiring employers to be responsible for the first eight weeks of sick pay: after eight weeks there is basically no change – little call for insurance, perhaps. Not so. What is happening already is that employer and employee, management and union are beginning to think seriously about the repercussions of disability, particularly long term disability. The result could be an upsurge of interest in Permanent Health Insurance.

Permanent Health Insurance is a rather special form of cover, not nearly so popular as life assurance but just as valuable. It provides an income, say a monthly sum, increasing if required, on disability following sickness or accident up to a given age, usually retirement age. This type of cover is comparatively cheap because the benefit is not payable until after, say, three or six months of disability.

Phoenix reckon that there is a one in four chance that a 45 year old man will be disabled for more than six months before age 65. That is about twice the risk of dying in the same period.

Discounts for bulk purchase

A scheme set up by an employer for his staff will carry a number of advantages over an individual's arrangement. Firstly, Phoenix would assess the whole group not the individuals and determine the acceptability of the group and the premium to be charged. This could result in medical problems or dangerous occupations, which would preclude individuals, being ignored – at least up to certain limits. Secondly, while an individual would nominate a sum for which he would be covered, the group might be covered for a percentage of salary, say 75% (not 100%, so that an incentive to return to work exists). Cover, therefore, goes up automatically as salary increases. Thirdly, a group benefits from the slick Phoenix administrative systems requiring often only total salary roll details to be reviewed annually. The result is costs of perhaps only 1% of salary roll – modest compared with pension scheme costs. On larger schemes profit sharing arrangements give an employer an each-way bet.

About four years ago Phoenix anticipated a growing interest in this type of business and commenced developments which have seen four new products brought to market. Two of these offer Permanent Health Insurance to groups and individuals on highly competitive terms. However, the other two, Executive Permanent Health Insurance and Keyman Permanent Health Insurance have been pioneered by Phoenix and are gaining in popularity. Executive PHI adds a new dimension to the employee benefits package which will recruit or retain the executive. The arrangement can be tailored to suit a particular company's needs so that not just sick pay but also pension scheme contributions are insured for both executives and directors.

Concern for employees and their dependants notwithstanding, prolonged disability of a key employee can also have a damaging effect on that oft-maligned aspiration, profit. Phoenix was the first insurer to advance the solution to this problem, Keyman PHI – few offices have followed Phoenix into this field. Keyman PHI is designed to mitigate the financial loss to a company from the disablement of a key employee.

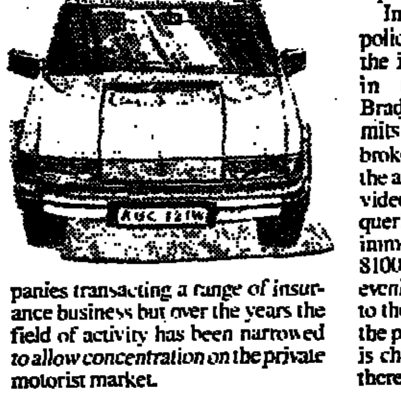
The Government's original intention was more permanently to shift the responsibility for the payment of sick pay to the employer. There is a strong possibility that were a Conservative Government returned for a second term of office this measure would be resurrected. Undoubtedly, in this event, employers and perhaps trade unions would look to insurers for some relief from this burden. That Phoenix is poised to provide this service is evidenced by the range of products available and the fact that in the first quarter of 1982 new premiums from individuals, to take one example, were twice those for the same period last year.

ADVERTISEMENT

On the Road...

BRADFORD-PENNINE is the *specialist motor insurance arm of* the Phoenix Group, with 800,000 policyholders on its books in 1981. It *provides* cover principally *for the* individual private car owner, drawing its business exclusively through insurance broker intermediaries.

The group is an amalgam of two companies, Bradford Insurance Co. Ltd. and *Pennine Insurance Co. Ltd.* The two companies came together in 1965 and were incorporated into the *Phoenix Group in 1971. Both* were originally composite companies transacting a range of insurance business but over the years the field of activity has been narrowed *to allow concentration on* the private motorist market.



Bradford-Pennine's head office is *at Halifax in West Yorkshire* and its operations extend throughout the U.K., via a network of seven reg*ional offices and some* 2,200 insurance brokers.

As a leader in the private motor *insurance market Bradford-*Pennine accepts that in difficult economic times, many motorists are *not concerned with continuity,* with goodwill, but solely with premium. A constant turnover of policyholders is *anticipated by the manage*ment, and systems have to be geared to the acquisition of new business to *replace* policyholders lost.

In 1981 just over 200,000 new policies were issued. The chain in the insurance transaction operates in the following way. The Bradford-Pennine proposer submits his proposal form through his broker, and this goes straightway to the appropriate regional office. Provided there are no underwriting queries a computer record is set up immediately in that office's IBM 8100 system, and passed on the *evening of the same day by dataline* to the head office at Halifax, where the policy is printed. The next day it is checked and despatched. Unless there are unusual circumstances, there is a twenty-four hour turnround.

Business efficiency is the watchword at Halifax. Throughout Bradford-Pennine's organisation, the 540 staff (of whom 330 are at Halifax) are trained to deal with all aspects of motor insurance in large volume but with minimum operating expense; all documentation and *most* correspondence is now electronically processed, even on the claims side, where traditionally most insurers have always sought to provide a personal touch for the policyholder in trouble.

In 1981 Bradford-Pennine received just on 111,000 new claims, something in excess of 2,000 a week. With more than half of Bradford-Pennine's policyholders opting for "comprehensive" as distinct from some degree of "third party" cover, the majority of claims submitted are for the cost of repairing policyholders' damaged cars.

All such accidental damage claims are handled at the seven regional offices, who number *among their personnel twenty staff* engineers. To ensure that repairs are carried out as quickly as practicable Bradford-Pennine has established around the country some 218 registered approved repairers.

Third party claims, whether for personal injury or damage to property, are routed to the central claims bureau at Halifax, to ensure that the maximum of legal expertise is brought to bear.

Bradford-Pennine, with a total premium income of almost £56m last year, is in the market to provide efficient and economically priced insurance for the individual private motorist with a family car. It has no fleet insurances, nor any large commercial clients: it does not insure high performance cars or expensive prestige cars.

Like all motor insurers, Bradford-Pennine has to increase its rates from time to time keeping an eye on the erosion of premiums by inflation. Bradford-Pennine has just increased its rates by around 7·5%, but this 1982 increase, which dates from 1st May, has come twelve months after 1981's premium increase. The group hopes that the 1982 rates will be held for a similar period.

Bradford-Pennine has established its success through the support and loyalty of its brokers and the majority of its policyholders. In coming years Bradford-Pennine expects to expand on the firm base it *has established — but only by main*taining its high level of service to brokers, and by continuing to offer policyholders a first class product at a fair price.

On the Water...

THE ORIGINS of the Phoenix Group Marine Department lie with two specialist companies: the Union Marine Insurance Company *Limited, established in Liverpool* in 1863 and interested mainly in the then flourishing cotton trade, and *the Northern Maritime Insurance* Company Limited, also established in 1863 in Newcastle and concen*trating on the then lively coal export*ing trade.

Their dependence on two of the main trades of the day is emphasised by the fact that their first branch offices were set up in Manchester (Union Marine) and Cardiff (Northern Maritime).

Both the companies were brought into the Phoenix family between 1911 (Union Marine) and 1917 (Northern Maritime) to join a relatively newly established *Phoenix Marine account started* some years earlier in London.

Since these early days the Group *has developed its Marine account* from an original £300,000 plus (Union Marine Liverpool 1863) gross premium income to the current group level of in excess of £55 million. As with most insurance groups of our size, various acquisitions, mergers and associations have taken place along the way and helped with this development. *Perhaps the most effective of these* took place in 1964, when Phoenix's United States branch in New York *was transferred to the management* of Marine Office of America Corporation (MOAC), which then *afforded to the Phoenix Group the* full facilities of that company in the United States. MOAC is the marine arm of the Continental Corporation, one of the largest insurance and insurance service-groups in the United States, with extensive overseas facilities.

This association, apart from affording the Phoenix Group access to a wider spread and larger marine book in the U.S.A., also started a similar joint operation in the Lon*don market and allowed the use of* combined capacity and facilities in the international market. With the *united facilities of the Phoenix* Group and working in close harmony we are able to offer to insureds, brokers and agents a most comprehensive worldwide service.

Under a Phoenix Marine Policy claims can be settled in most international trading currencies, with claims and survey facilities in most trading countries. *In* addition the group conducts an efficient claims recovery service, which can effectively pursue claims against *responsible third parties, thus help*ing to reduce the claims experience of insureds and thereby assisting *them in keeping their insurance* costs down.

With the changing scene of insurance, particularly with larger clients who are increasingly inclined to be more interested in absorbing part of the insurance trading risk for their own account, the Marine Depart*ment is becoming increasingly* expert in handling their problems.

The Great Eastern, 1864. Cargo insured with Phoenix to the value of £400,000.

The marine department of an international composite company, such as the Phoenix, must adapt its ways to the changes of clients' requirements and the group believes that it can provide the necessary expertise and facilities to meet these requirements as they arise. Additionally many countries today are imposing trading restrictions, as well as enforcing requirements to *insure in their domestic markets.* Phoenix is well placed to be able to assist in these instances.

To do this we are well established in the London marine broker market and operate a full comprehensive service throughout the United Kingdom, with regional offices in Glasgow, Liverpool, Bristol and London, together with a branch in Manchester and Birmingham. All Phoenix offices in the United Kingdom have easy communication to these regional marine offices. Overseas the group operates through branch and underwriting agencies *in twenty countries, as well as* through the many overseas Phoenix subsidiary and associated com*panies. All these operations include* underwriting and claims settlement facilities, forming a most comprehensive network and providing experience of trading in many parts of the world.

London Guarantee & Reinsurance Co Ltd

IN THE early years of the Phoenix, development of fire insurance had taken place without the assistance of reinsurance — the protection of underwriters against large individual losses which might strain their underwriting capacity. Risks too large for a single underwriter to *carry were placed directly with a* number of underwriters, on a coinsurance basis, and it was not until the second quarter of the nineteenth century that reinsurance began to provide the means whereby an underwriting company could increase its own acceptances and reduce the need for coinsurance.

At the end of the century non-proportional excess of loss reinsurance, whereby the underwriter retained for its own account any loss up to a given figure and reinsured any excess up to a fixed amount, was introduced in the London market.

Development of reinsurance companies took place during the second half of the 19th century, notably in Germany, and the first successful British company was not founded until 1907. In 1919 it seemed appropriate for the British insurance market to see almost unlimited prospects for breaking into the hitherto German dominated world reinsurance market and many reinsurance companies were formed at that time to meet the *sudden demand for capacity. Tariff* Reinsurances was one of the few survivors of that period and if present day *reinsurers feel that life* could hardly be more trying they may take some consolation from the fact that their predecessors were equally disturbed.

At the Annual General Meeting in 1922 the Chairman of Tariff Reinsurances said: "It is generally conceded that, apart from serious conflagration years, 1921 ... was one of the worst years ever experienced".

The Company was formed with *the object of keeping in the* United Kingdom "business which had previously gone to foreign companies" and within 18 months of its inception the chairman could say that the company had reinsurance connections, with over 60% of the Tariff market in London.

The entrepreneurial spirit of those early pioneers had led them by *1925 to purchase the Olympic Fire &* General and the City Fire Office. Unfortunately for them, both com*panies had substantial marine* portfolios and the result was a series of heavy losses which the young company had *difficulty in carrying.*

In 1921 Tariff Reinsurances had participated for the first time in the Phoenix first surplus fire treaty and by 1925 the Phoenix had acquired a substantial shareholding in the company. In 1927 all inwards treaties were guaranteed by Phoenix and in 1933 when it became apparent that without further capital Tariff Reinsurances would have insurmountable difficulties Phoenix acquired the whole of the *share capital.*

Tariff Reinsurances continued to be the Group reinsurance vehicle until 1975, serving the operations of the Group with reinsurance support and developing a world-wide portfolio of inwards business with particular emphasis on European markets.

By the mid-1970s the pattern of International insurance and reinsurance was changing and the decision to strengthen the Group's rein*surance operations led to the use of* the old London Guarantee & Accident name in the re-structured company which by now had well outgrown its old tariff associations and was ready to assume a larger role in the world of reinsurance, renamed London Guarantee & Reinsurance.

In July 1975 a regional office was opened in Singapore with the object of assisting and participating in the rapidly developing markets of the Far East. So successful has this venture been *that in 1981* gross premiums of over $13,000,000 (Singapore) were written in countries ranging from Pakistan to Korea, including mainland China.

In recent years LGRe has *responded to the difficult trading* markets around the world, partly by investment in computer based sys*tems to improve productivity* and output as a means of remaining competitive and abreast of technical *developments in the reinsurance* industry.

Using real time screen based data *processing equipment* systems have been developed to handle the highly complex currency and underwriting *needs of international business.* The systems developed will maintain accounts acceptable to auditors, ceding companies and retrocessionaires, brokers and statutory bodies, control cash flow and assess underwriting performance. It will monitor the maintenance of both claims and premium reserves with appropriate tests for adequacy. It will control the flow of information in and out of the processing system and between departments. The system will deal with 138 different currencies and 152 separately identified territories.

The files are designed to hold all details of all transactions and all policies both inwards and outwards so organised as to give effective processing by the system itself as and when required. The concept of the system relies upon the entry of all data once only for all purposes *and to retain all detail in its original* form for processing and reporting as required either in the form of printed reports or via the screen.

Recognising the re-growth in facultative business in London an Underwriting room was established at the end of 1981 with Group colleagues at 50 Leadenhall Street to accept Facultative reinsurance in the following classes:

- Fire & Allied classes.
- Consequential Loss.
- *Erection All Risks.*
- Contractors All Risks.
- Engineering including Machinery Breakdown.
- Material Damage and Consequential loss.
- All Risks, both commercial and private.
- Burglary Theft Cash in Transit and other Crime risks.
- Fidelity Guarantee.
- Public Liability and Products Liability.
- Goods in Transit.
- Personal Accident.

Reinsurances are written from direct insurers within the United Kingdom and abroad, premiums accepted and claims paid in most currencies of the world.

Proportional reinsurance remains the backbone of the Company's operations with treaty relationships with 650 different companies in all the markets of the world. The Phoenix Worldwide *First Surplus* Treaty is traded for reciprocity around the world. The inwards business so written amounts to some 50% of the net proportional treaty income of the company. The other 50% is written *in the open market either directly* as the result of extensive travelling by underwriters or through the broker market.

Non-proportional or excess of loss reinsurance is a small but *important part of the portfolio of* LGRe and one that will see development in the future with the *increasing tendency for the London* market in particular to seek this form of protection.

LGRe is now well-equipped to handle its role as a professional reinsurance company. Change is the keynote of markets world-wide with the twin effects of overcapacity and high interest rates demanding new levels of technical, financial and administrative competence. In all these areas LGRe has a highly professional level of expertise and a willingness and ability to play its part in the continuing development of the group worldwide.

In the Air...

THE PHOENIX aviation department celebrates its 21st year of operation at the same time as the 200th anniversary of the company. When the company decided to enter the field on its own account in 1961, jet aircraft had only recently established themselves as the new accepted form of transportation, halving the time for transatlantic flights compared with earlier propeller-driven aircraft.

It was partly to meet the needs of the increasing sums insured which would be required to cover both the hull and liability risks in this new era of transportation that encouraged the company to commence this new venture.

The early days were difficult ones as a firm market had already been established immediately following the war period and comprised a number of Lloyd's Aviation Syndicates and literally a handful of companies, all of whom were housed in the Lloyd's Building.

In the early stages it was impossible to find accommodation in the old Lloyd's *Building and the first* risks were written in June 1961 in a small office on the third floor of 8/10 Lime Street, long since demolished to give way to a new building. Within a few years the majority of the major companies entered this specialist field and competition increased. Most of these companies are now housed together in a new building on the corner of Billiter Street and Fenchurch Street.

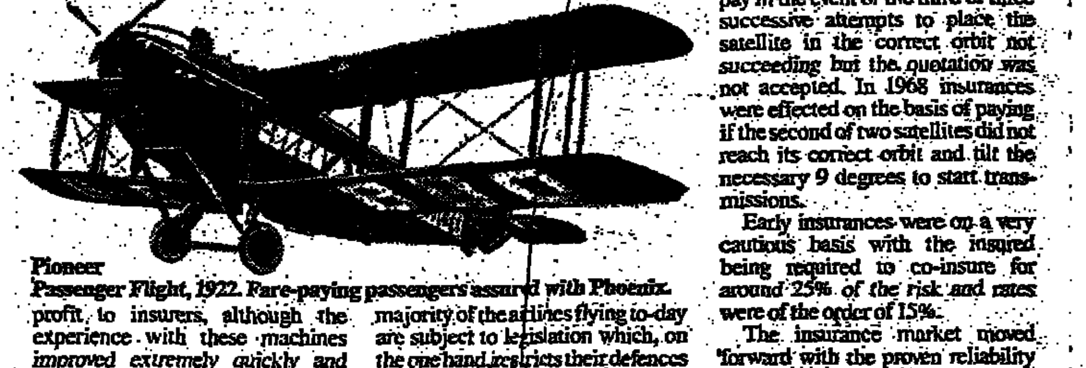
Aviation insurance is compara*tively new, the first and largest* specialist company in London having only recently celebrated its 50th anniversary. This branch of the business does not benefit from old-established rules, regulations, laws and customs which exist in other classes and cannot call upon these for guidance. Although a number of standard wordings and clauses are now more in common use, a great deal of innovation is still necessary to provide the insurance cover required, especially in view of the complication of ever-changing legislation.

Notwithstanding the understandable desire of every country to become more involved in this growing form of insurance, London is still widely regarded as the centre and has to live up to the responsibilities that this places upon it.

Although the Phoenix did not establish a specialist aviation division until 1961, policies of insurance were issued for personal accident cover to fare paying passengers by one of its subsidiary companies as long ago as 1922. There is, in its archives, a copy of a policy issued for the sum of £1,000 to cover death, *with the usual benefits, together* with the relevant cheque for the sum of 15/- issued by the branch manager, Mr A L Lintott, to a passenger, Mr H C Clanahan, for the first passenger carrying aeroplane flying between Manchester and London on the 23rd October, 1922. The archives record that the policy was issued at a height of 1,500 ft over Crewe but there appears to be no satisfactory explanation of how or why this should have been issued during the flight, although the cheque is clearly marked "the air."

The introduction of the Boeing 707 in 1958 coincided with the re-introduction of the Comet 4, which was a modified version of the aircraft which had suffered such an unfortunate run of losses some four years earlier. Inevitably, the new concept of podded engines on the 707, coupled with the earlier experience of the Comet, made insurers extremely cautious in their approach to rating the new type aircraft and initially rates of between 5% to 6% were not uncommon.

Even at these terms the first year of 707 operations did not result in a profit to insurers, although the experience with these machines *improved extremely quickly* and they ultimately proved to be far more reliable than the more complex piston engined aircraft.



Pioneer Passenger Flight, 1922. Fare-paying passengers assured *with Phoenix.*

A rapidly improving safety trend and expansion of air transport, coupled with the desire of more companies and agencies to participate in this new and exciting form of insurance, quickly caused a rapid reduction in premium rates. By the end of 1960 there were some 400 jets in service and only four were lost during that twelve month period.

In 1961 there was a dramatic reversal of these fortunes. The *number of aircraft in service* increased by 50% but losses by the end of the year had risen to twelve, thus doubling the burning cost of the previous year. Furthermore, whereas no passengers had been killed in 1960, nine of the losses in 1961 killed everyone on board and 255 passengers and the crews lost their lives in that period in jet aircraft alone.

The statistical picture before underwriters was thus rather confusing with the introduction of what became known as the second generation of aircraft in the form of the *Trident. The new design concept* was to interrupt the air flow as little as possible, keeping the tail high and *mounting the engines at the rear,* thus keeping the wing completely clean.

The three engined Trident was introduced in 1962 and the smaller BAC 111 with its two engines in 1963. The Boeing 727 with a similar configuration to the Trident followed in 1964 and the smaller DC 9 in 1965.

Not unnaturally the manufacturers stressed the improved technology of these new types which they felt would inure to the benefit of underwriters. There is little question that subsequently this proved to be the case and as this second generation of aircraft proved safer that the initial types it has probably been forgotten that the experience during the first million flying hours was very similar for both types.

The different types of liability coverage available, in addition to normal hull insurance, are wide ranging, from the insurance of hangar keepers and airport premises, up to the more exposed and catastrophic potential of the aircraft manufacturer. It is, however, the liability to passengers that carries such a high claims potential, whether these claims are held to be the liability of the airline or ultimately fall on the manufacturer. The majority of the airlines flying to-day are subject to legislation which, on *the one hand restricts their defences* against the result of injury or death to passengers but on the other hand limits the amount for which they may ultimately be held liable. This is not often the case for flights within one territory and is certainly not so within the United States.

The main challenges for aviation insurers have arisen from the rapid increase in hull values and passenger liability requirements as well as the need to balance the constantly increased exposure against an improving loss experience. The first Boeing 707s were insured for $5M *with attendant liability coverage of* up to $15M.

Today a sum insured of $80M is not unusual for a wide-bodied aircraft and liability insurance requirements of up to $600M are not exceptional. A typical premium rate for the Boeing 707 or DC 8 in 1959 was between 5% and 6% but wide-bodied aircraft today can often be insured for approaching 10% of these rates with the larger European and US carriers achieving even *lower figures and severe interna*tional competition has put a very considerable strain on the estab*lished aviation community.*

Apart from what can now be considered to be the more conventional developments in aviation the insurance industry has also been called upon to protect risks connected with the exciting developments of both supersonic flights and satellites. The construction of the first Concorde commenced in 1965 and made its first flight in 1969.

It obtained its type certificate in the UK in 1975 and entered service simultaneously with Air France and British Airways on the 21st January, 1976, halving the time of long distance travel in the same way that jet aircraft had halved the journey times of the earlier piston engined machines.

With a seating capacity of around 100 the insurances required in respect of passenger liability presented the market with no problem compared with the 400 seats of a wide-bodied aircraft but the initial sum insured for the hull of around £25M was twice the value of a 747 in 1975 and certainly stretched the capacity of the whole market, which, nevertheless, ultimately met the needs of the airlines as it has always done in these circumstances.

Satellite insurance is older than that of Concorde. The first insurance was placed 16 years ago in 1965 and covered only the launch vehicle of the "Early Bird" satellite against physical damage prior to launch. A little later a quotation was given to pay in the event of the third of three successive attempts to place the satellite in the correct orbit not succeeding but the quotation was not accepted. In 1968 insurances were effected on the basis of paying if the second of two satellites did not reach its correct orbit and tilt the necessary 9 degrees to start transmissions.

Early insurances were on a very cautious basis with the insured being required to co-insure for around 25% *of the risk and rates* were of the order of 15%.

The insurance market moved forward with the proven reliability of launches and cover today is not only given on all aspects connected with the first launch but is extended to provide insurance in the event of its failure to transmit to a given standard over a period of time.

There is clearly a future for satellite insurance and already consideration is being given to launches that will be made by the *Space Shuttle. It* is estimated that the insurance market has suffered losses totalling $120M *as a result of the loss of three* satellites, the largest being the disappearance of the Satcom 3 belonging to RCA, at a cost of $78M, which has not been traced. On current estimated gross premiums this would give a loss ratio of around 135%. Nevertheless, always provided adequate premiums can be obtained, it is unlikely that the market will not be able to meet the insurance needs connected with these spacecraft.

The communications satellite market has been estimated to be worth $5,000M between now and *1995* and double this by the year 2000. Much of this market will be used for direct broadcast television as well *as providing better desk to* desk world-wide business links.

Since 1961 the Phoenix has been directly concerned with all aspects of aviation insurance throughout this exciting period and has grown to become one of the major offices specialising in aviation insurance.

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Andrew Whitley, recently returned from Buenos Aires, counts the strengths and weaknesses of the Junta's forces

Argentina weighs its military options

THE CRITICAL moment has arrived for Argentina's armed forces. Having launched the invasion of the Falkland Islands seven weeks ago to redeem national and military honour, the generals face their supreme test: can they hold off the long expected British counter-attack?

Political unity may have been forged within this fissiparous country by the "recovery" of the islands. But military unity in the sense of co-ordinated action between the three services is still unproven.

"Even if Admiral Anaya and General Lami Dozo (the navy and air force commanders) do decide to settle their differences and work together" a senior western diplomat said recently "their men have had little experience of combined forces operations."

In the way that the Pope settled the territorial claims of Spain and Portugal in the New World by giving all land to the west of the Line of Tordecillas to the Spanish King and that to the east to his rival in Lisbon, so the Argentine Army and Navy have long established their traditional demarcation line.

The army's role, externally, is to guard the 3,000-mile frontier with Chile while the navy has jealously guarded its responsibilities to the east—including the Falklands.

The capture of the British colony on April 2 was almost entirely a navy operation and in the following weeks Admiral Jorge Anaya has shown repeatedly that he does not brook interference in his sphere, even from his nominal superior and President, General Leopoldo Galtieri. An army man, General Mario Benjamin Menendez, may have been picked as Governor of the Falklands but it is a navy officer, Vice-Admiral Juan Jose Lombardo, who is in overall charge of the southern "Theatre of Operations."

In public, not surprisingly, there is no lack of confidence in the military barracks around the country and within the massive Ministry of Defence building in Buenos Aires that the estimated 9,000 troops entrenched on the islands can hold their own.

Even after discounting a large measure of morale-boosting propaganda, it is clear from Argentine publications linked to the military that the officer corps firmly believes their forces, at the least, scored a draw in the first round.

What damage has been inflicted on the morale of the Falkland occupation forces by three weeks of virtual isolation and British successes on South Georgia and Pebble Island is impossible to tell. The "softening-up" attacks and the latest increase in pressure must be having a considerable impact.

On the other hand, most of the units on the Falklands are hardened professionals, rather than the bunch of dispirited young conscripts Britain has sometimes sought to convey them as—and all must feel strongly that they are defending a dream Argentina has had since its birth as an independent country.

A key aspect of the Argentine Joint Chiefs of Staff's strategy is known to be their belief that, provided sufficient damage can first be inflicted on the British forces, international pressure on Britain to desist will eventually prove irresistible.

Bracing themselves for further attacks, the generals have before them now four basic options, not all mutually exclusive:

● Launch a pre-emptive strike by air and/or by sea against the Task Force. The one serious raid to date, by a squadron of A-4 Skyhawks, very nearly succeeded in inflicting considerable damage on one of the two British warships best equipped to deal with the threat, believed to have been a Type 22 frigate armed with the Sea Wolf missile.

● Wait for the British landing operation to get underway then attack the troops and their supporting ships from the air; before they consolidate their positions. Here the battle is likely to be on two fronts: between the British Rapier batteries which the British are expected to mount around the landing sites and the 90-odd Skyhawks and Daggers Argentina can throw against them; and between the Harriers and the much faster Mirage III interceptors. Preventing the establishment of a temporary British airstrip on the Falklands will be a crucial goal.

● Cut the 3,500 mile supply line between Ascension Island and the war zone. Altogether more than 60 mostly unarmed support ships, headed by the liner Queen Elizabeth II, are involved in the British operation.

Argentina's home - made Pucara aircraft, with their thousand mile range and low-flying capability are a potent danger and have already been in action against Royal Navy ships according to Argentine military reports. Further out a lone Guppy-class submarine lurks, waiting for an opportunity.

● Concede West Falkland rapidly and withdraw across the 20-mile sound to more secure positions on the principal island. As the British forces launch a series of simultaneous, confusing attacks, ground-to-air missiles and shoulder-fired rockets will play a crucial role for the defenders.

Attempts to use the Royal Navy in a close-up, supporting role, especially between the two islands, would run up against the difficulty that two very quiet, German-built submarines have still to be neutralised or destroyed. In addition the Argentine Navy is likely to launch diversionary attacks on the Task Force. Four, fast and modern warships including two British-built Type 42 frigates armed with the surface-to-surface version of the Exocet missile will be the spearhead.

A new command centre for the navy's role in the Theatre of Operations around the Falklands has been established in Ushuaia on the island of Tierra del Fuego, 325 miles south-west of the combat zone. The air force bases itself on the important Patagonian town of Comodoro Rivadavia.

However, Ushuaia has only limited port and resupply facilities and Argentina's bigger capital ships, such as the aircraft carrier Vienticinco de Mayo, are likely to have been withdrawn to their home ports of Puerto Belgrano, the navy's headquarters, and Mar del Plata. Both are a day and a half to two days' sailing time away from the Falklands.

British sources suggested yesterday that, apart from the three submarines whose whereabouts are officially unknown, the rest of the Argentine fleet remains within the 12-mile limit of the coast imposed by Britain.

The aircraft carrier's newly delivered complement of French Super Etendard fighter-bombers, armed with Exocet missiles such as the one which sank HMS Sheffield, have been transferred to the navy's two air bases in the south, at Rio Grande and Rio Gallegos.

The Super Etendards and the air force's Skyhawks are regarded by the Ministry of Defence in London as a greater threat than the supersonic Mirage IIIs which would have to fight towards the far end of their operational range.

A visiting U.S. Air Force General recently spoke well of the capabilities of Argentina's pilots and senior officers. But in operational terms their main drawbacks appear to be their lack of night flying practice and the fact that only one combined operation in support of navy planes attacking the fleet has been reported so far in Buenos Aires.

Air force squadrons of the Mirage and their more advanced Israeli variant, the Dagger, are based at Rio Gallegos, alongside the navy planes, and further north at Comodoro Rivadavia and Trelew. The two latter air bases are approximately 500 and 570 miles north west of the disputed islands.

Fuel should not be a problem, given Argentina's near self-sufficiency in oil and the restriction imposed on domestic commercial flights. Ordnance stocks and spare parts for the more modern aircraft are a different matter.

Argentina's high command has long recognised that one of the armed forces most serious deficiencies was the lack of long-range maritime reconaissance aircraft. A standing order is lodged with the United States for P-3 Orions, the world's standard.

Instead Argentina has had to turn to Brazil for its maritime version of the Bandeirante, a twin-engined turboprop. Two EMB-IIIs equipped to search for submarines have been delivered and a third is on its way.

Two major fears always present in the minds of the ruling military junta are likely to have been revived by Thursday's admission by Britain that a Royal Navy Sea King helicopter had crashlanded in Tierra de Fuego, on the Chilean side of the border. Britain's early threat to take the war to the Argentine mainland by knocking out the airbases in Patagonia was taken very seriously in Buenos Aires.

Concern about the possibility that Chile might intervene in the conflict on Britain's side has been marginally allayed by public reassurances from Santiago that it will deny its ports and landing strips to the Task Force. But the possibility of having to fight on a second front if Chile decides to take the opportunity to resolve its dispute with Argentina over the Beagle Channel in Tierra del Fuego cannot have gone away.

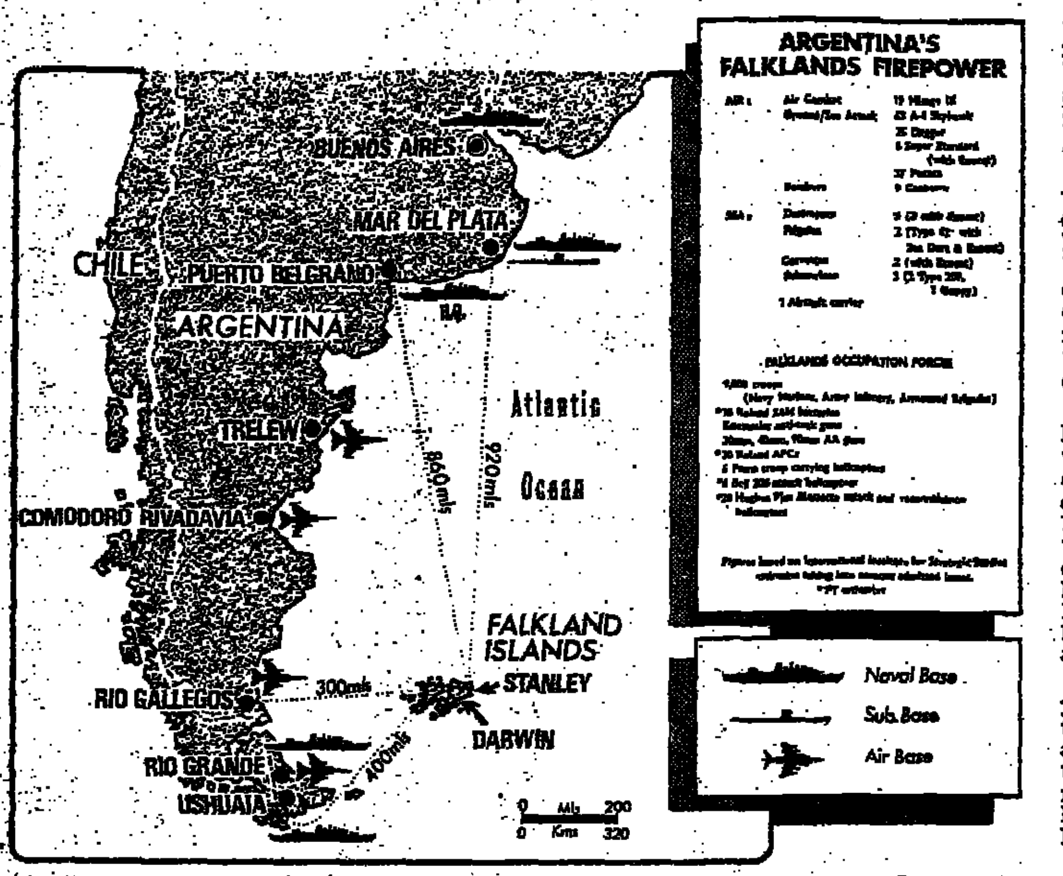
In the final analysis Argentina's ability to wage a successful defence against Britain, to hold on to the Falklands militarily, will depend on the headquarters staff back in Buenos Aires and whether an effective command structure can be welded together at the last moment.

There is little evidence that the Joint Chiefs of Staff have been given the responsibility to plan and execute missions against the British Task Force. Inter-service rivalry has in the past been intense.

For General Galtieri, an army officer like all his predecessors as military rulers of Argentina, the irony is that for the first time in its history the army is having to take the back seat. Instead it is a navy with close and long ties to the Senior Service in Britain and an air force which used to be U.S. trained but in recent years has developed its own identity which are driving Argentina's war machine.

Middle to senior ranking navy officers responsible for the original invasion will be the real hardliners when and if the pressures to sue for peace start to grow. Their army counterparts, virtually excluded from day-to-day decision making, could swing the other way.

In the days and weeks to come this latent tension could emerge as more vital than any shortage of Exocet missiles or Mirage tyres in determining how long Argentina continues the fight.



Brana Radovic

Weekend Brief

English Aussie style

MORE THAN 50 years ago, the Sydney Daily Telegraph was calling for the adoption of a distinctive Australian accent as a patriotic necessity. "It matters little whether it be a twang or a brogue or a bleat," the Telegraph sang, "so long as it is real."

Yet today, the talk from Canberra to Carapooee, from Woomera to Wooloomooloo, is not of preserving the Great Australian Accent, but of groping towards what the bureaucrats call a National Language Policy.

The NLP, as it is inevitably known, was referred to recently by the Minister for Immigration and Ethnic Affairs, who said there would shortly be an inquiry, by a Senate Committee in Canberra, into "matters relevant to the formation of a national language policy which would enable future Australians to acquire a fluency in languages other than our national language,"—by which he meant English.

At the bureaucrats' level, the NLP spells tremendous fun and games, to say nothing of English-Italian, English-Greek, or English-Vietnamese-Estonian street signs from Sydney to Perth and back.

On the other hand, there is genuine concern to discover how to cope best, at community and welfare levels, with the estimated 1.4m Australians who know English only as a second language.

At the last count (June 1980), more than 130 languages or dialects were spoken in Australia, not including Australian Aboriginal languages, spoken by an estimated 27,000 people at the time of the 1976 census.

Twenty-five years ago, it was illegal in Australia to publish a foreign-language newspaper that did not include English translations. Yet today, more than 80 ethnic newspapers are sold commercially, and 600 hours of ethnic radio programmes are broadcast weekly on 19 stations.

However, discussion of a National Language Policy has not yet touched upon that remarkable asset: "Australian-English." Part of its attractiveness lies in its colourful inventiveness—buckjumper, dillybag, gullyrake, Jackaroo, larrikin and dinkum.

Part lies in its famous diminutives—barbie (barbecue), schoolie (schoolteacher), as well as car rego (car registration number), kero (kerosene), surfie, yachtie and journo (journalist, as in pom journo).

Part lies in its descriptiveness ("bald as a bandicoot"), or its rough charm ("don't come the raw prawn").

And part lies in its pronunciation, particularl– Australians' handling of the "a" vowel, which causes the whine of strine to fall "mainely on the pline."

The search for a National Language Policy in Australia is all very well. But preservation of "Australian-English" is also called for, before it joins the emu, the koala and the red kangaroo on the list of persecuted species.

Barry Humphries as Dame Edna Everidge: spreading Strine culture to the Poms

A cold in quality street

Rumblings that Regent Street is moribund would appear, as Mark Twain said of reports of his own death, to be greatly exaggerated.

No one is pretending that this world-famous shopping curve has not felt the draught of recession. For the first time in years, there are currently about seven lots vacant, or about to be, between Oxford Circus and Piccadilly (three of these are already spoken for). Soaring rates and rents — increases in rents have been on average seven times higher than when last reviewed — have caught many retailers on the hop in the West End.

"It's sorting out the weak from the strong," said one trader. And few would deny that Swan and Edgar, once a favourite with Queen Victoria, now depressing Piccadilly with its boarded-up frontage, had, with its dated layout and uninspiring merchandise, become a dinosaur that outstayed its welcome.

Latest in the line of closures is Richard Shops. This is merely an internal reorganisation, however, to accommodate another arm of the same company, a hi-fi operation called Orbit, which was seeking a West End position. "We have three successful Richard Shops in Oxford Street and now that Regent Street is not the fashion street it used to be with banks and airlines moving in," said a spokesman, "this seemed the obvious one to go."

A cold in quality street maybe, but pneumonia no. Following the annual meeting this week of the Regent Street Association, which represents some of the country's top shops (eg. Aquascutum, Austin Reed, Jaeger, Liberty) president Barry Saunder reported that 1982 promised to be a "buoyant year." A 20 to 30 per cent increase in full price sales looks likely, he said, and the existing stores are trading profitably under current conditions. "We aren't in bad shape."

Now that Britain's main cities boast good shopping centres and fares are high, retailers are waking up to the fact that they must make shopping in the West End a pleasure again. "We must put the magic back into shopping," as one managing director put it. "We've got to give people a reason for making the journey from Ealing Broadway," said another.

Liberty has found that its international promotions—Japan, India—will bring people flocking from far afield on day trips and reports a 25 per cent sales increase so far this year. Hamleys, the famous toyshop, recently moved two doors nearer Piccadilly at a cost of some £8.5m into premises half as big again. It has already coined the difference in terms of sales.

The Association is concerned about its possible neighbours in the vacant properties. "What we need is shoppers to come to Regent Street," said one member, "not anonymous banks and airlines." "We have to make sure that the right prestigious international business retailers keep alive the reputation of Regent Street, as a prime shopping area in London," said an Association official.

Though the buyer of Swan and Edgar is not yet known, and planning permission of the £10m site is not yet official, it is thought there will be retailing outlets on the street level with offices above and perhaps penthouses on top, bringing back a residential air to the West End.

Regent Street is not alone in its problem. Oxford Street currently has some 40 leases on the market and more could go at any time. Many existing traders are far from happy with some of the newer bazaar-type shops. One disillusioned trader commented: "If we're going to sell rubbish, let it be the best rubbish in the world."

Having said this, business is not doing too badly. Richard Shops reports great activity with last week's takings at all three branches up one third on the same time last year.

The Ghost will not lie down

The ghost of the original Silver Ghost—chassis No. 60551—has at last been officially laid by Rolls-Royce Motors. A spokesman admitted this week that the "Silver Ghost Story," written with the company's help and guidance for the Autocar in 1975, contains a "mix-up" about the identity of the man who owned the car between 1908 and 1948 and who put 500,000 miles on its clock.

The ownership—as quoted in this column last week—was wrongly attributed to Mr A. M. Hanbury. In fact the car had been bought by Mr Daniel Hanbury, of Castle Malwood in the New Forest, now an area Electricity Board headquarters.

The other Mr Hanbury was his first cousin and also one of Rolls-Royce's travelling inspectors. "The cousin/inspector could have been involved in some of the negotiations leading to the sale and this may explain how the mix-up occurred," said the company spokesman rather ruefully.

Commander D. E. Barton, an acquaintance of Mr D. Hanbury, recalls: "He once showed me his Silver Ghost and also his first car—a 1902 De Dion—whose main claim to fame he said was that it had once run over Lord Baden-Powell when he had been a passenger assisting to push it up a steep hill and hadn't pushed hard enough.

"Mr Dan Hanbury was a man of many parts. There were a large number of grass and hard tennis courts at Castle Malwood and he used to conduct an annual private invitation tournament for the young from many miles around. This continued throughout the Second World War and was even then always played using new tennis balls of which he maintained a large stock in cold storage. By the end of the war some of the younger competitors had never seen a new tennis ball before.

"If play was not possible they were invited to ride on the model railway that ran through the grounds, or on a switchback that he had had erected.

"The wall of the central staircase of the house was papered from floor to roof with a complete 1-in Ordnance Survey map of much of Great Britain whose component squares he had had specially supplied in unfolded sheets. Perhaps the Electricity Board still uses this to find their way round their operational area."

Contributors:
Michael Thompson-Noel
Feona McEwan
John Bourne

Economic diary

TODAY: Association of Scientific Technical and Management Staffs conference in Harrogate (until May 24).

TOMORROW: Department for National Savings' monthly progress report for April. General and Municipal Workers Union Congress in Eastbourne (until May 27). National Union of Public Employees annual conference in Scarborough (until May 27). Union of Communication Workers conference in Bournemouth (until May 27).

MONDAY: EEC political co-operation meeting in Brussels. EEC education council meeting in Brussels. EEC Foreign Ministers meet in Brussels to discuss the renewal of sanctions against Argentina. Mr Patrick Jenkin, Industry Minister, attends CBI annual dinner, Grosvenor House. International Energy Agency ministerial meeting in Paris. UCATT union conference in Great Yarmouth (until May 27). AUEW-TASS union conference in Bournemouth (until May 27).

TUESDAY: Provisional unemployment figures for May. Provisional unfilled vacancies for May. New vehicle registrations for April. EEC foreign affairs meeting in Brussels. Mr Norman Tebbit, Employment Minister, attends by-election meeting in Stoke Poges. Conservative Women's annual conference at Royal Festival Hall (until May 26). King Hassan of Morocco starts three-day state visit to the UK.

WEDNESDAY: New construction orders for March. TUC general council meeting. Mrs Margaret Thatcher addresses Conservative Women's conference at Royal Festival Hall. CBI annual meeting.

THURSDAY: Energy trends. Investment intentions of the manufacturing, distributive and service industries (1982/3). Final unemployment and unfilled vacancies for April. Overtime and short-time working in manufacturing industries in March. Employment in the production industries in March. Stoppages of work due to industrial disputes in April. EEC social affairs council meeting in Brussels. Health workers to stage first of a series of weekly national two-hour stoppages.

FRIDAY: Final car and commercial vehicle production figures for April. Pope John Paul II is expected to arrive for six-day visit to Britain. Nato assembly meets in Madeira.

Properties prop up Debenhams

INCLUDING PROPERTY credits of £23m, against £9.9m, taxable profits of Debenhams, the stores group, showed a £1.7m reduction to £27m for the 12 months to January 30 1982. However, there has been an improvement in profitability in the current year. At the interim stage, taxable figures were little changed at £1.11m, against £1.18m.

Sales, excluding VAT, rose from £530.7m to £591.9m for the year. Trading profits dropped by £7.7m to £13.1m, after interest payments of £5m, against £4.3m. Non trading charges—including redundancy and closure costs—took £9.1m (£2m).

The property items comprised £10.9m (£3.9m) of profits on sales of properties and a revaluation surplus now realised of £12.9m (£6.5m), less £0.8m (£0.5m) depreciation on the revaluation surplus.

The board admits that the year's results are disappointing, but explain that they reflect the high promotional costs and reduced margins that were necessary to achieve an increase in market share in a difficult retail climate.

The group has however, reduced overheads to the extent that the expense base for the current year will not exceed that of the previous period and the gain in market share is being held at increased margins.

The final dividend is maintained at 4.32443p net for a same-again total payment of 6.3656p per 25p share.

There were several important developments during the year including the opening of three major new stores, the extension and redevelopment of three existing stores and the disposal of a number of redundant trading and other properties, which realised £38.3m.

Stated earnings per share were 17.2p (18.6p) or 19.4p (21.1p) on a nil distribution basis.

Tax charge was higher at £3.9m (£3.8m) and after deducting an extraordinary item this time of £4m and the preference dividend of £0.1m (same) profits attributable to ordinary holders showed a decrease from £24.8m to £19m.

The extraordinary item represented a discretionary payment to the trustees of Debenhams Pension Plan to improve the pension benefits available to former employees.

Dividends again absorbed £8.5m leaving retained profits for the year at £10.5m, compared with £16.3m.

See Lex

Heavy year-end losses at British Syphon

LOSSES of £593,000 were incurred by British Syphon Industries for 1981, and this compares with pre-tax profits of £1.01m in the previous year. Turnover of this group, which has interests in dispense equipment, manufacturing services and industrial merchanting, was down from £31.51m to £29.84m. At halfway losses of £291,000 against profits of £802,000 were reported.

The only dividend payment for the year is a final of 1p—last year a total of 2.6p was paid with a final of 1.3p.

The directors say that during the second half everything possible was done to promote sales by vigorous marketing, but the continuing recession and severe competition resulted in only a marginal second-half increase in turnover.

However, this modest improvement was offset by higher interest charges and produced second half result almost the same as those for the opening half.

The slight but discernable improvement in trading conditions is continuing into 1982, they say, but as anticipated, this cannot itself produce a return to an acceptable level of profitability.

Over the past few months, the board has initiated a series of major steps which they consider will have a marked effect on the company's prospects. In February 1982 it was announced that a merger of the distribution interests of Hartons Group and those of British Syphon Industries has been agreed. This has now been completed, and the new jointly-owned company is fully operational as an independent entity.

Management accounts indicate that the joint company is trading profitably against substantial losses by the individual companies in the previous year.

In the drinks dispense and manufacturing services divisions, a review was undertaken to see what could be done to reduce costs and to liberate fixed assets for disposal. The result has been a concentration of manufacturing capacities, thus freeing buildings which are now on the market and valued at approximately £750,000, and a further inescapable reduction in number of both direct and indirect employees.

The group has also disposed of or closed some small loss-making subsidiaries.

The directors say the present economic uncertainty makes it impossible to predict the outcome of the present year, but taking into account actions set out above, together with slightly improved trading conditions, they recommend payment of a dividend, as mentioned.

Trading profit for the year fell from £1.57m to £297,000. Interest payments rose from £856,000 to £890,000. There was a tax charge of £24,000 against £107,000 and after an extra-*ordinary debit of £482,000* (£376,000), there was a loss of £1.1m (£528,000 profit). There was a stated loss per 20p share of 6.14p (9.08p earnings).

On a CCA basis, there was a pre-tax loss of £1.14m (£350,000 profit).

Cut in interest costs lift Hartwells to £2m

WITH ROUGHLY unchanged trading profits of £2.79m, compared with £2.77m, a 44 per cent reduction in interest charges from £1.26m to £702,000 left the taxable surplus of Hartwells Group £580,000 ahead at £2.08m in the year to February 28 1982. Turnover advanced from £152.23m to £158.81m.

Earnings per 25p share are given higher at 14p (13.7p), and the year's dividend is being raised from 5.367p net to 5.904p, with a final of 4.115p (3.578p). Additionally a one-for-two scrip is proposed.

Mr F. S. Huggins, chairman of this group with interests in vehicle sales, heating services and fuel oil distribution, says the result reflects action taken over the past two years to trim activities in line with the reduced size of the motor car market.

High priority was given to loss-making locations and the number of employees in the group was reduced by 8 per cent to 1,994. Curbs on capital usage led to the lower interest charges.

Looking to the current year, he says the results for March and April show an improvement, and while forecasts for the months ahead are still uncertain, the directors are sure of some improvement in the figures for the 12 months.

The worst hit area of business was commercial vehicle sales, but despite a very poor start and a 27 per cent downturn in the national market which reduced margins, the trading profits deteriorated by only £17,000.

The group's commercial vehicle interests were strengthened by the acquisition of the sole UK distribution rights for Charles Roberts Tankers. A new company, Hartwells Group (Tankers), was set up to handle this franchise and the sale of specialist tankers.

Despite a fall in new car registrations nationally from 1.51m to 1.48m, turnover of passenger vehicles, new and used, increased by 8 per cent. Motor cycle sales increased by 5.3 per cent and margins improved, and while caravan sales fell 26.2 per cent they still contributed to profits.

The agricultural depots at Caistor and Weltom improved turnover by 23.8 per cent, notwithstanding the severe winter and widespread flooding in Lincolnshire.

Bulk oil deliveries fell 11 per cent in volume, pushing the heating services activities into reverse, and the boiler installation and maintenance services profits fell by approximately one-third to £466,000.

Tax took £430,000 (£124,000 credit) and after dividends of £700,000 (£636,000) the retained profits emerged at £954,000 (£992,000). Current cost adjustments reduced the pre-tax profits to £1.48m and earnings per share to 8.8p.

At the half-year stage, the group was already ahead with taxable profits of £1.01m (£766,000).

£3m fall at British Shoe

TWO subsidiaries of Sears Holdings had mixed fortunes in the year to January 31 1982. **British Shoe Corporation Holdings**—its trading outlets include Freeman, Hardy and Willis, Dolcis, Lilley and Skinner and Saxone—suffered a setback with pre-tax profits falling from £86.27m to £82.91m, and **Sears Engineering Holdings** substantially reduced its losses from £7.22m to £2.04m.

At BSC, turnover rose from £668.04m to £682.74m, but trading profits fell from £78.23m to £71.59m. The pre-tax figure includes interest receivable of £6.98m (£4.95m) and non-trading credits of £4.34m (£3.45m). Tax for the year was down from £39.66m to £33.71m.

Turnover at Sears Engineering Holdings fell from £206.3m to £193.41m. The pre-tax loss was after interest charges down from £4.98m to £2.39m, but includes non-trading credits of £513,000 (£479,000). There were higher tax credits of £3.49m (£3.32m).

The directors say that during the year decisions were taken to dispose of, or otherwise close, certain loss-making activities within the engineering division. As a result, the group has written off net losses amounting to £18.81m, which will be dealt with as an extraordinary item.

Goldberg down £0.36m

DESPITE INCREASED sales excluding VAT of £32.68m, compared with £29.99m, taxable profits of department stores group **A. Goldberg and Sons** fell from £1.81m to £1.45m, in the year to March 27,1982.

And with earnings per 25p share stated lower at 5.3p (6.1p) the final dividend is being maintained at 3.956p net making a same again total of 5.25p.

The directors say that Wrygges, the group's young fashion business performed well. Its new store in Blackpool has not yet made a contribution to profits but improved its position even though trading conditions were difficult. They expect an improved performance in the current year.

The group's credit terms to customers have been revised to provide them with greater flexibility and therefore borrowing requirements will increase substantially, the directors add.

Pre-tax profits were struck atfer interest charges of £1.45m (£1.81m), depreciation of £819,000 (£764,000) and equipment lease and rental costs of £387,000 (£325,000).

Tax took £540,000 (£770,000), while current cost adjustments reduced the pre-tax surplus to £947,000 (£930,000).

Results due next week

Analysts have been hastily downgrading their estimates of the scale of **Courtaulds'** profits recovery. They now expect to see Courtaulds reporting pre-tax profits for the year of about £50m, still a spectacular improvement over the previous figure of £5.1m. International Paints seems to have established a position of market leadership, and should return about £30m pre-interest, a growth of around 40 per cent Textiles in the UK are thought to be benefiting from the programme of cost reduction, but the picture in Europe is still gloomy, though the massive cutbacks in the market's capacity have led to less cut-throat pricing. Recent cautionary noises seem partly based on the belief that the U.S. operations have had a very sticky first quarter. It is thought that the final dividend will be in the 1.5p-2p range. Having shown its skill at reducing costs, Courtaulds now needs retentions if it is to finance a re-expansion.

After stripping out property and foreign exchange adjustments, **Boots** should be announcing full year profits of about £115m on Thursday. The comparable figure for the previous year was £118.7m. Property gains could bring the figure up to around £120m, though a negative factor will be a £5m above the line pensions provision. The retailing division has had a difficult time, with pressures on pricing keeping sales growth below that of costs. There was a different pattern on the manufacturing front, with the anti-arthritic drugs Brufen and Froben enjoying a particularly good year in the U.S., increasing their share of a growing market. Consumer products should show up well in the current year, with a major expansion of the product range.

When **Plessey** reports its full year figures on Thursday a considerable advance is expected. The range of estimates centres on £110m pre-tax, improving on the preivous year's figure of £84.5m. The Office Systems division has had some success in the attempt to increase market share, and margins have picked up from a low base, following rationalisation. Volume growth on the defence side has partly been at the expense of margins, but the current year could be brighter in this respect. With net cash thought to be in excess of £70m, interest receivable will be a significant factor and, following deregulation, a U.S. telecommunications acquisition is very much on the cards. In 1981-82, telecommunications has shown strong growth, at high margins, though radar has continued to find it very difficult to make money.

Association British Foods, which is the UK's largest baker and market price setter, is expected on Monday to report pre-tax profits for the year ending March 28 of between £130m and £137m. This compares with pre-tax profits of £114.91m last year.

ABF's performance has been boosted by the company's South African and Australian operations which now account for more than half the group's profits. *The market believes that* the South African company is still doing well although it is not showing the same growth as last year due to the downturn in the South African economy.

ABF's milling and baking division has been under similar pressure to RHM although its larger scale of operation has cushioned the damage to profits somewhat better. Performance in the UK apart from the bread wars has been satisfactory with Fine Fare boosting its share of grocery sales, partly through its no-frills, yellow-bag packaging.

The market expects **RHM** to show pre-tax profits on Tuesday of around £21m for the half year to February. This is likely to be slightly less than the £21.66m pre-tax profit recorded last year. RHM has been particularly badly hit by the increased competition in bread sales since last autumn, in which the group's relatively large number of smaller production units has put it at something of a disadvantage. But the grocery business has had a more favourable time. The market takes a generally favourable view of RHM's expansion in the U.S. and U.S. earnings are expected to show a useful increase.

There is a certain degree of puzzlement about **Tate and Lyle's** interim figures due out on Wednesday. By all normal expectations the company should show an improvement with the full savings of the Liverpool plant closure worked through into the accounts. But the market thinks that Tate and Lyle will report a pre-tax profit figure of about £12m, much the same as last year's interim outturn.

Tate and Lyle has been hit hard on two fronts. Its Redpath subsidiary in the United States has witnessed a complete reversal from healthy profits to a likely loss this year of around £7m. The company has also had to cope with heavy losses on its International Division's sugar trading business.

UK operations have had a strong half year with sugar refining showing an improvement, lower losses in the slimmed down chemicals division, and a turnround in engineering.

Other results to be reported next week include interim figures on Tuesday from **Wolverhampton and Dudley Breweries** and those of **Greenall Whitley** on Thursday. Full year figures will be reported by **Cater Allen** on Tuesday, and interim results on Thursday from A.E. On Tuesday **Phoenix Assurance** will be announcing its figures for the first quarter.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Allied Irish Banks	Wednesday	3.5	4.5	3.5
Allied Leather Industries	Thursday	1.75	3.75	1.75
Associated British Foods	Monday	1.2	2.6	1.4
Bonusbond Holdings	Monday	—	—	—
Boots	Thursday	2.875	4.625	2.875
Bremar Trust	Wednesday	1.0	1.1	1.0
British Northrop	Monday	—	—	—
Cakebread Robey	Monday	0.6	2.0	0.6
Capital and Counties	Wednesday	1.0	2.4	1.2
Cater Allen Holdings	Tuesday	4.2875	18.8125	4.2875
Courtaulds	Thursday	—	1.0	1.0
Deritend Stamping	Thursday	2.2	4.4	2.2
Dundonian	Wednesday	1.0	1.8	1.75
Eshine House Investments	Wednesday	—	—	—
Extel Group	Thursday	2.25	5.75	2.5
Foster Brothers Clothing	Thursday	1.1	2.25	1.1
Hill (Philip) Investment Trust	Thursday	1.8	4.3	2.0
International Paint	Thursday	0.96	2.545	2.0
Jantar	Thursday	—	2.0	—
Lanca	Monday	—	2.4	—
London Sumatra Plantations	Thursday	2.0	6.0	2.0
M. and G. Second Dual Trust	Thursday	4.3	3.5	4.3
Minster Assets	Wednesday	1.6	2.4	1.7
Modern Engineers of Bristol (Holdings)	Thursday	1.0	2.0	1.0
Monks Investment Trust	Wednesday	1.1	1.3	1.1
Parkland Textile (Holdings)	Tuesday	1.5	2.1	1.6
Plessey	Thursday	3.22	4.411	3.542
Portsmouth & Sunderland Newspapers	Thursday	1.0	2.25	1.0
Press (William) Group	Friday	—	—	1.32
Prince of Wales Hotels	Thursday	0.75	1.0	0.75
Samuel (H.)	Wednesday	1.5	4.75	1.5
Sandhurst Marketing	Thursday	0.6435	1.287	0.675
Wettern Brothers	Thursday	—	—	—
Whittington Engineering	Thursday	1.4	2.1	1.4
Witan Investment	Wednesday	0.8	1.075	1.0
Young and Co's Brewery	Thursday	2.5	3.0	3.0
Zygal Dynamics	Monday	—	—	—
INTERIM DIVIDENDS				
AE	Thursday	—	1.4	
Associated Sprayers	Thursday	0.5	0.75	
Avon Rubber	Wednesday	—	3.0	
Bluemel Bros.	Monday	—	—	
Carr (John) Doncaster	Wednesday	0.53	1.15	
Causton (Sir Joseph) and Sons	Thursday	0.7836	1.35	
Cosalt	Monday	—	2.33	
General Stockholders Investment Trust	Wednesday	1.2	2.8	
Greenall Whitley	Thursday	1.6275	1.81	
Heavitree Brewery	Friday			
Kelsey Industries	Tuesday	2.5	5.5	
Leech (William)	Friday	3.3	3.3	
Leeds and District Dyers and Finishers	Tuesday	1.0	2.5	
M. and G. Group	Thursday	5.0	7.5	
Morland	Wednesday	1.5	3.0	
North British Steel Group (Holdings)	Monday	0.71	1.49	
Ranks Hovis McDougall	Tuesday	1.524	2.333	
RHP Group	Thursday	2.0	2.0	
Scottish Investment Trust	Thursday	1.7	2.9	
Scottish National Trust	Tuesday	1.1	2.225	
Spencer Clark Metal Industries	Thursday	0.4	—	
Stokis	Tuesday	0.45	1.15	
Tate and Lyle	Wednesday	4.0	7.5	
Wolverhampton and Dudley Breweries	Tuesday	1.65	3.85	
INTERIM FIGURES				
Hardanger Properties	Monday			
Phoenix Assurance	Tuesday†			
Pyke (Holdings)	Wednesday			

* Dividends are shown net pence per share and adjusted for any intervening scrip issue. † First-quarter figures.

Savoy's barrage of words to block THF

By John Moore, City Correspondent

THE Savoy Hotel Group went on the attack yesterday in its efforts to block Trusthouse Forte's efforts to place its vice-chairman and joint chief executive on the Savoy board.

"Someone said its rather like an Argentine admiral trying to join the Royal Navy," said Sir Hugh Wontner, Savoy's chairman, last night.

Trusthouse Forte, the world's largest hotel, catering and leisure group, mounted an unsuccessful £67m bid for the Savoy last year. In its latest campaign, Trusthouse Forte has proposed two resolutions for consideration at the annual meeting of the Savoy, which would have the effect of increasing the number of Savoy directors from 11 to 12 and lead to the appointment of Mr Eric Hartwell, joint chief executive of Trusthouse, to the board.

In its circular to Savoy Shareholders, Trusthouse has sounded out shareholders' readiness to accept any new bid proposals when, under the terms of the *City Code. Trusthouse* becomes free from June 19 to reopen last year's bitter takeover battle.

In his letter to shareholders, Sir Hugh says that the resolutions proposed by the rival group are opposed for the following reasons:

● Trusthouse Forte is a rival organisation, "trying hard, but so far unsuccessfully to take over the Savoy." It would not "be helpful to the Savoy in maintaining its independence if a THF representative were admitted to the board.

● The Savoy company already has "quite a sufficient number of directors, six of whom are engaged in the day-to-day running of the business, and the remainder are men of proved competence and distinction. No further director is needed."

● Mr Hartwell is already managing a huge conglomerate of over 800 hotels of all sorts, seaside piers, amusement parks, self catering holiday villages, ten-pin bowling clubs and sports centres, show bars and bierkellers, theatre restaurants, Little Chef and Motor Chef restaurants and cafes, from airports to motorways and an additional collection of other mixed catering and leisure interests, including Dolphinaria. This should leave Mr Hartwell with very little time for anything else. In addition, his experience for most of his career has been connected almost entirely with catering, and not with hotels, certainly not luxury hoetls.

The circular continues: "He has no practical knowledge of the way in which the Savoy, Claridges, the Berkeley and the Connaught hotels are conducted: in fact, much of his experience is quite alien to it."

Sir Hugh concludes: "The present proposals from THF will serve only to divert management attention from the essential task of continuing the improvement, already evident in the company's results."

MAM static at £1m in first half

AN INCREASE of £13,000 to £1.02m in pre-tax profits is reported by Management Agency and Music for the half-year to January 31 1982.

The group's principal businesses are management, agency and promotion of entertainment artistes, record production and music publishing.

The group earlier this month lost a London High Court battle for the copyrights of Gilbert O'Sullivan's songs. In a brief statement accompanying its interim figures, the directors say they will be appealing against the High Court judgment which gave Mr O'Sullivan copyright of his songs.

Group turnover improved from £10.73m to £12.76m. After tax of £532,000 (£525,000), stated earnings per 10p share rose from 6.45p to 6.53p. The interim dividend is unchanged at 2.8p—last year's total was 8.75p from pre-tax profits of £2.03m (£2.86m).

● **comment**

Management Agency and Music has become something of a misnomer. When it was floated virtually all its earnings came courtesy of Mr T. Jones and Mr E. Humperdinck. Their current contribution to profits is in the region of 10 per cent, and it seems unlikely that their contracts will be renewed upon expiry on July 31. Diversification is not without its problems. The Burger King franchise is a loss maker, though the operation is still at an early stage, with only two outlets. Expenditure on this and on Kingsmead Hotels, has meant that net debt has risen by about £1m for the year-end's £1.5m. The records division has reduced losses, though overall, margins have been eroded, as witness the attainment of static profits on turnover up 19 per cent. The vast majority of these profits came from the amusement *machines division* where MAM's previous wary attitude to video now looks well-judged. It is anyone's guess how much the Gilbert O'Sullivan case might eventually cost MAM, but the shares are going to be under something of a cloud until the dispute is finally resolved. At 96p, up 4p from a four year low, they yield 13.4 per cent. That may be enough to dissuade Messrs Jones and Humperdinck from selling their combined 20 per cent stake in the equity.

Brown and Jackson deeper into the red

LOSSES INCREASED substantially and Brown and Jackson, builder and civil engineering contractor has cut its 1981 dividend sharply.

However, the directors say they are cautiously optimistic that the current year will bring a steady recovery in the group's overall profitability.

The main reason for an increase in 1981 deficit from £331,000 to £861,000 at the pre-tax level was a loss of £725,000 from companies disposed of during the year. Those continuing in the group pushed trading profits ahead marginally from £1.08m to £1.1m.

Of the subsidiaries, Honeysuckle achieved a trading profit of £828,000, Premier £310,000, Harris £233,000, Lorien £258,000 and Brown and Jackson (Developments) £272,000. These were offset by losses of £1.2m at Tigner-Roche and Company (London), £629,000 at R. J. Wiltshire (Mail Order) and £674,000 at Autoguard.

As regards the current year, the directors report that Tigner-Roche made a small profit in the first quarter, Wiltshire losses were reduced and Autoguard has been sold.

The company disposed of its 75 per cent stake in Consumer Insurance Services, the holding company of R. L. Autoguard Extended Warranties, last November. Since then it has been revealed that the prior year results of Autoguard had been overstated by more than £1.2m.

Group results for 1980 have therefore been restated and Brown and Jackson is taking action to recover losses sustained as a result of fundamental errors in the accounts of the relevant subsidiaries.

The group result for 1981 was struck after interest of £1.24m (£1.41m) and before a tax credit of £32,000 (£654,000). This left the net deficit at £829,000 *(£985,000)* and, with the loss per 20p share amounting to 3.26p (6.53p), a final dividend of 0.25p net, being the sole payment for the 12 months, is left to stand against last year's total of 9p.

There were minority losses of £610,000 (£439,00) and an extraordinary credit this time of £467,00, which turned the company round from a loss of £546,000 to attributable profits of £248,000.

Ordinary dividends absorbed £50,000 (£1.2m) and preference payments £242,000 (£228,000).

See Lex

L & C Advertising placing raises £1m

London and Continental Advertising Holdings, one of the first companies to be quoted on the Unlisted Securities Market, has raised £1m through a placing, at par, of 11½ per cent convertible subordinated loan stock. The placing, which was handled by stockbrokers de Zoete & Bevan, was made with City institutions and application has been made for the stock to be traded on the USM.

The stock is convertible between 1985 and 1995, inclusive, at a rate of 470 ordinary 8p shares for every £100 nominal, giving an effective conversion price of about 21.28p a share compared with yesterday's price of 19p.

London and Continental has made swift inroads into the outdoor advertising market over the last 18 months, spending *around £1m on acquiring* Viewpoint Advertising, Summit Advertising and point of sale sites. For 1981 its pre-tax profits rose 22 per cent to £318,095 on a 42 per cent jump in turnover to £1.73m.

Mr John Golfar, the chairman, explained later that the decision to make the issue was prompted by the need to fund sites for the rapid growth in forward sales contracts, which at the end of last year were 50 per cent up at £1.56m on the previous 12 months, and the recent pick up in concessions on sites. In addition, the search for suitable acquisitions goes on.

Mr Golfar said he believed his company was outpacing long established competitors because of the quality of the new sites it had been able to secure, and its *ability to hold margins at a time* when more was being demanded for sites, especially by local authorities.

Overall the outdoor poster market was retaining a buoyancy in the present conditions through its favourable comparison with television advertising rates at a time when advertisers are seeking to contain expenditure.

● **comment**

This issue, the first convertible stock from London and Continental, offers a relatively cheap way into a company that is tightly held. On yesterday's price of 19p the premium is a fairly modest 12 per cent especially for a company with an historic p/e around 19 and a yield a whisker over 1 per cent. So far the group has established its ability to build a portfolio of prime sites at keen prices on which it can demand good rates. While the advantage remains over television—where £200,000 goes almost nowhere on natural breaks yet can buy a nationwide poster campaign—and providing site owners do not become too greedy, the formula should endure.

Concord Rotaflex sees end to trading decline

MR MICHAEL FRYE, chairman of Concord Rotaflex, tells shareholders in his annual report that the "decline in trading should come to an end some time this year."

Despite the continuance of a tough market in 1981 the company, which manufactures electric light fittings and systems and bathroom and shower appliances, reported a substantial recovery last year.

As already known Concord achieved a £2.3m turnround to profits of £1.08m in 1981. The dividend was restored with a final payout of 1.4p per share lifting the total from 0.1p to 2p.

The company's head office in City Road will be granted planning permission as long as the company complies with Section 52 of the Town and Country Planning Act. Effectively this means that Concord must develop the entire site at one time.

Mr Frye reports that discussions are under way with developers.

"The City Road redevelopment will," he adds, "increase the net asset value of the business; new product development which has continued unabated is being stepped up and the ranges launched last year and so far this year have been extremely well received.

"The taking over of the assets of BBI within Concord Lighting is proving an ideal opportunity for growth."

The chairman concludes that, "While all this allows the company a certain amount of cautious optimism, it is impossible to foresee the future . . . We expect to make a reasonable profit this year. Our prospects for growth will improve as the developments bear fruit; nevertheless achievement of higher levels of profitability short-term depends on an upturn in the economy."

Following the issue of £0.5m of convertible preference shares and £0.7m of redeemable preference shares to Equity Capital for Industry last December, the net debt to equity ratio at the end of 1981 was 59 per cent against 102 per cent a year before.

The annual meeting is called for June 16 where there will be a special resolution to change the company's name to Rotaflex plc.

● **comment**

The dramatic cost cutting of 1980, which so depressed that year's results at Concord Rotaflex, allowed the company to bounce back in 1981 with a near £2¼m turnround. But this year Concord has no such inbuilt boost. Volume remains flat and while there will be further reductions in interest costs following last year's capital injection from ECI, Concord could be hard pressed to maintain overall profit levels this year. But any pick up in ordering during the second half could quickly work through to profits. Also with half the business overseas exchange rate movements can play havoc with forecasts. So the die is far from cast though whichever way it goes. 1982 is going to be an unexciting year. The hope is that 1983 will see profits moving ahead sharply. There are a few factors in Concord's favour. Cash from the development of City Road (it is only in the books at £720,000 and its development value is way over that) could make deep inroads into interest payments. Also the acquisition of BBI will start to make real returns rather than just washing its face. Finally new products are being developed, some in joint ventures. Given a modest upswing in demand Concord should be set to reap the rewards of earlier cost cutting. At present it could add 50 per cent to volume within its current framework. This may be too far ahead to have much impact on a share price of 44p which is already on a fairly demanding rating. Assuming unchanged profits this year the fully taxed p/e is 19 and the yield is 6.7 per cent.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Benlox Hldgs.	0.5		0.5	0.5§	0.5¶
British Syphon	1	July 9	1.3	1	2.6
Brown & Jackson	0.25	Oct 15	5	0.25	9
Davenport Knitwear	5.95	Sept 1	5.67	5.95	5.67
Debenhams	4.32	—	4.32	6.37	6.37
A. Goldberg	3.96	—	3.96	5.25	5.25
Hartwells	4.12	July 31	3.58	5.9	5.37
MAM int.	2.8	July 20	2.8	—	8.75
Francis Parker	0.35	—	0.35	0.7	0.35

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § For 10 months. ¶ For 12 months.

J. Menzies claims control of Lonsdale

By Duncan Campbell-Smith

THE FUTURE of Lonsdale Universal appeared to have been clinched last night with John Menzies, the Edinburgh-based newspaper distributor, claiming 50.5 per cent of the voting rights in the office equipment group for which Menzies launched a bid on April 19.

The relationship of Mr Robert Maxwell's BPCC to the deal, however, remained far from clear, with Mr Maxwell indicating that he was still *interested in acquiring some part* at least of the Lonsdale group. BPCC at present owns 10.88 per cent of Lonsdale and bid 68p per share for the company on May 13.

Menzies picked up 524,785 Lonsdale shares in the market at 67p, the price on offer in its £6.3m bid for the company. After the market's close, Mr Maxwell issued a statement about his intentions.

Talks were continuing, he said, "to establish if, after receipt by BPCC of information requested from Lonsdale, agreement could be reached on a price for a sale by John Menzies to BPCC of those parts of the Lonsdale business which would better fit within the framework of BPCC."

The take-over panel's agreement to any such deal had been sought and obtained, added the statement.

Mr John Menzies, chairman of the Edinburgh group, said last night he had had talks with Mr Maxwell on Tuesday and Wednesday. Mr Maxwell had claimed he was "a buyer or a seller at 70p and he didn't mind which," said Mr Menzies. "I told Mr Maxwell that if he had any proposition to make to Menzies, his bankers should put it to ours."

Mr Maxwell had then asked if certain information could be obtained by Menzies from Lonsdale. Mr Menzies said he had suggested this was not an appropriate role for him to play and he had recommended to Mr Maxwell that he himself approach Lonsdale's board directly, which he then did.

Lonsdale's board appears to have been unsettled by the apparent implication of Mr Maxwell's approach that Menzies was prepared to sell parts of the Lonsdale business subsequent to a successful takeover. "Mr Maxwell told Mr Ramseyer (Lonsdale's chairman) that he had had a friendly discussion with me and that I was fully in favour of the information being given over—which rather overstated the case," said Mr Menzies.

He added he had sought to reassure Lonsdale that no sale of the group was envisaged—apart from one divestment already announced—and this was being stated quite clearly in the formal offer documents. Noble Grossart, Menzies' bankers, were last night preparing to despatch the documents over the weekend.

Talks on ACC stake in Central

THE Independent Broadcasting Authority is in talks with Mr Robert Holmes à Court and his management team which now run Associated Communications Corporation, the entertainments group, over the freezing of ACC's 51 per cent shareholding in Central Independent Television.

Once the stake is frozen, and the new management of ACC can have no boardroom influence in Central, the IBA will require the 51 per cent stake to be reduced. The IBA could require the stake to be reduced to 19 per cent, but the IBA may allow a holding of as much as 29 or 30 per cent.

Under the Broadcasting Act in the UK the controllers of television franchises must be resident in the UK or an EEC country and therefore Mr Holmes à Court is disqualified.

Herman Smith profit halved at six months

As predicted, profit before tax at Herman Smith, manufacturing and electrical engineer, was well down at £103,572, against £213,497, for the 28 weeks to January 9 1982. Sales were lower at £4.61m, compared with £4.98m, and tax took £53,857, down from £111,018.

The interim dividend for this close company is maintained at 0.2p net per 10p share. Last year's total of 0.5p was paid from pre-tax profits of £731,000.

Mr M. Herman-Smith, chairman, said redundancy and payments in lieu of notice cost £112,000 in the first half.

There has been more reorganisation in the presswork-ing subsidiary, and there is now some improvement there. Trading conditions generally are difficult.

SPAIN

May 21	Price %	+ or −
Banco Bilbao	[illegible]	[illegible]
Banco Central	[illegible]	[illegible]
Banco Exterior	[illegible]	[illegible]
Banco Hispano	[illegible]	[illegible]
Banco Ind. Cat.	[illegible]	[illegible]
Banco Santander	[illegible]	[illegible]
Banco Urquijo	[illegible]	[illegible]
Banco Vizcaya	[illegible]	[illegible]
Banco Zaragoza	[illegible]	[illegible]
Dragados	[illegible]	[illegible]
Espanola Zinc	[illegible]	[illegible]
Fecsa	[illegible]	[illegible]
Gal. Precados	[illegible]	[illegible]
Hidrola	[illegible]	[illegible]
Iberduero	[illegible]	[illegible]
Petroleos	[illegible]	[illegible]
Petroliber	[illegible]	[illegible]
Sogefisa	[illegible]	[illegible]
Telefonica	[illegible]	[illegible]
Union Elect.	[illegible]	[illegible]

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SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Bunzl, the paper and packaging group, went ahead with a £13.8m bid for security printer **Bemrose Corporation** at 120p per share despite the failure of a dawn raid at the same price. Stockbrokers Hoare Govett, acting on behalf of Bunzl, failed to pick up any Bemrose shares in the market because Grieveson Grant, acting on behalf of an unnamed client, came in at a higher price. Bunzl followed up its cash offer with a bid of 120p nominal of Bunzl 11.25 per cent Convertible Unsecured Loan stock 1992-94, but Bemrose rejected the offer as wholly inadequate.

John Menzies raised its offer for Lonsdale Universal from £5.64m to £6.3m and gained the latter's acceptance. The latest bid of 67p per share compares with its former offer of 60p and tops the rival offer from Robert Maxwell's **British Printing and Communication Corporation** by one penny per share.

Harmer Securities, a subsidiary of the privately-owned Rowlandson Group of investment and property companies, is offering 30p cash per share for the 36 per cent of **Finance and Industrial Trust** it does not already own.

Lookers, the Manchester-based motor vehicles distributor, launched a 50p per share cash offer for **Braid Group**, another North country distributor. The outright bid follows a series of recent share purchases by Lookers by which the latter built up a 21.1 per cent stake in Braid.

Thomas Roberts (Westminster) bid 400p per share for the outstanding 8.56 per cent shares in the loss-making timber group **Burt Boulton** which has been agreed by the latter's three independent directors.

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated.					
Assoc. Cms. "A"¶¶	110*	108	52††	59.70	TVW
AAA Inds.	39½	35	35††	1.59	Glossop
Adsn. Strathclyde	135*§	145	126	46.09	Charter Cons.
Bemrose Corpn.	120●	127	76	13.49	Bunzl
Braid Group	50*	51	42	2.37	Lookers
Capseals	50*§	49	45	2.43	Sonoco
Cawoods	293§§	288	263	141.91	Redland
Ductile Steels	156§§	146	114	20.31	Glynwed
Empire Stores	*110½§§*	*98*	*92††*	*38.07*	*GUS*
Federated Land	175*	174	142	19.03	BSC Pnsn. Funds
Finance & Ind Tst	30*	28	25††	2.78	Harmer Secs.
General & Comm.	285½‡‡	260	235	15.32	Britannia Arrow
Grant Bros.¶¶	190*	186	179	2.28	Jadepoint
Lonsdale Unvrsl.	66*§	67	66	5.31	Brit. Printing
Lonsdale Unvrsl.	67*	67	42	6.01	Menzies (J.)
Moran (C.) Group	20*	21††	21††	3.47	Mr C. Moran
NCC Energy	25*§	35††	35††	4.86	Cook Int.
Pearson Longman	333†§	333	338	49.96	Pearson (S.)
Speedwell Gear Case	20*	25½	14	0.19	Lathkill
Tunnel Hldgs.¶¶	571	545	565	130.83	RTZ

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ** Based on May 21 1982. †† At suspension. ‡‡ Estimated. §§ Shares and cash. ¶¶ Unconditional. ● Loan stock.

Offers for sale, placings and introductions

Bairstow Eves—Listing planned for next week.

Bournemouth and District Water Company—Is raising £1.5m by way of an offer for sale by tender of 9 per cent redeemable preference stock 1987-89 at a minimum price of £100 per cent.

Christian Rousing—Private placing of 150,000 non-voting shares.

Miles 33—Is joining the Unlisted Securities Market via a placing of 700,000 ordinary 10p shares at 105p per share.

Oriflame International—Is raising £5.2m by way of an offer for sale of 886,634 shares of $1.50 at 600p per share and is also making an application for a full listing.

Radio City (Sound of Merseyside)—Is joining the Unlisted Securities Market via an offer for sale of 650,000 "A" ordinary non-voting shares of 25p each at 77p per share.

Wrexham and East Denbighshire Water Company—Offer for sale by tender of £2m of 9 per cent redeemable preference stock 1987-89 at a minimum price of £100 per cent.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Advance Services	Dec	4,120	(4,890)	4.9	(10.0)	3.3	(3.0)
Allied Plant	Dec	44	(1,000)	—	(6.4)	0.1	(1.89)
Alpine Holdings	Jan	1,120	(1,260)	5.4	(8.9)	5.25	(5.25)
Bardsey	Dec	842	(142)	2.3	(—)	0.3	(—)
Beattie (James)	Jan	2,990	(3,590)	13.9	(17.1)	4.75	(4.5)
British Borneo	Mar	1,090	(1,090)	16.6	(16.0)	12.8	(12.15)
Bulgin (A. F.)	Jan	390	(781)	0.7	(2.2)	1.35	(1.35)
Caparo Inds.	Dec	419	(350)L	5.3	(—)	1.0	(—)
Chamberlin & Hill	Mar	486	(654)	13.5	(17.7)	2.9	(2.75)
Duport	Jan	325L	(13,910)L	—	(—)	—	(—)
Ellerman Lines	Dec	2,560	(1,830)	—	(—)	—	(—)
Emray	*Dec*	*201*	*(97)*	*1.2*	*(0.7)*	*0.5*	*(—)*
Feedback	Mar	955	(751)	7.0	(5.5)	2.0	(—)
Fine Art Devpts.	Mar	4,400	(4,600)	6.2	(8.5)	3.0	(2.75)
Finlas	Jan	2,240	(1,600)	28.1	(20.8)	—	(—)
Geers Gross	Dec	1,020	(1,140)	8.1	(10.9)	4.0	(4.0)
Heath (C. E.)	Mar	17,030	(12,630)	33.6	(21.8)	13.1	(10.5)
Hinton (Amos)	Mar	2,500	(1,300)	40.5	(19.4)	8.0	(6.0)
Holt (Joseph)	Dec	1,850	(1,380)	33.4	(22.8)	9.0	(7.5)
Hunting Gibson	Dec	3,410	(3,750)	25.2	(37.5)	6.0	(6.0)
Land Securities	Mar	67,400¶	(54,870)¶	11.9	(9.9)	8.4	(7.6)
London & Nthrn.	Dec	8,630	(8,760)	11.5	(16.0)	3.75	(3.75)
Lnd. Private Hlth.	Mar	42	(—)†	2.0	(—)†	—	(—)
Mettoy	Dec	2,740L	(3,480)L	—	(—)	—	(0.1)
Moss (Robert)	Mar	632	(271)	4.8	(2.0)	1.8	(1.6)
Runciman (Wltr.)	Dec	2,320	(2,525)	20.6	(19.9)	7.5	(7.5)
Selincourt	Jan	375	(839)	—	(—)	0.44	(1.14)
Stormgard	Dec	28	(56)	0.8	(2.3)	—	(—)
Thorpac Group	Mar	257	(151)	7.9	(6.9)	1.82	(—)
Vosper	Oct	1,960	(1,500)L	26.9	(—)	4.0	(—)
Warnford Invs.	Dec	3,310	(2,390)	23.8	(12.2)	12.0	(10.0)
Warrington (T.)	Dec	613	(312)	12.4	(18.1)	5.6	(4.73)
Weeks Associates	Jan	242	(97)L	2.4	(—)	0.7	(0.1)
Whitbread	Feb	73,190	(66,390)	14.4	(15.1)	4.9	(4.47)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Allied Lnd. Props.	Dec	752	(656)	0.28	(0.25)
Barton Transport	Mar	180	(271)	—	(—)
BOC Group	Mar	44,900	(33,400)	2.6	(2.31)
Brockhouse	Mar	756L	(1,770)L	—	(—)
Brown (Matthew)	Apr	2,330	(2,010)	1.35	(1.35)
Common Bros.	Feb	2,560La	(290)La	1.0	(5.0)
Concentric	Mar	667	(282)	1.21	(0.6)
Cramphorn	Jan	111L	(69)L	5.0	(5.0)
Dubilier	Mar	909	(440)	0.78	(0.65)
Gleeson (M. J.)	Dec	683	(465)	1.1	(1.0)
Grand Met.	Mar	74,800	(68,000)	3.5	(3.18)
Higsons Brwy.	Apr	426	(638)	0.4	(0.4)
HME	Dec	17,560§	(19,240)§	—	(—)
Irish Distillers	Mar	4,400b	(3,670)b	1.1	(0.88)
Ley's Foundries	*Mar*	*865L*	*(1,960)L*	—	(—)
Long & Hambly	Feb	992L	(407)L	—	(—)
Pleasurama	Mar	3,000	(2,090)	1.75	(1.25)
Redfearn Glass	Mar	624L	(1,610)L	3.0	(3.0)
Redman Heenan	Mar	1,490L	(1,500)L	1.4	(2.2)
R. Dutch/Shell	Mar	414,000‖	(549,000)‖	—	(—)
Stenhouse Hldgs.	Mar	2,990	(2,680)	—c	(1.82)
Unilever	Mar	172,500‡	(171,000)‡	—	(—)
Warner Estate	Mar	991	(835)	3.5	(3.0)
Wstrn. Selection	Mar	292	(212)	1.0	(1.0)
Williams Cardiff	Mar	795L	(681)L	—	(0.5)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net except where otherwise stated. † No comparable figure. ‡ First quarter. ¶ Pre-tax income. ‖ Net income first quarter. § For nine months. a For eight months. b In I£. c Dividends will be declared on August 19. L Loss.

Scrip Issues

Allied Plant Group—One for two.

Finlas—Six new convertible preference shares of £1 each for every 100 ordinary shares of 25p each.

Geers Gross—One for Four.

James Beattie—One for one.

MAI pays £11.75m for Guy Butler

THE FINANCIAL services and advertising group **Mills and Allen International** (MAI), yesterday reached final agreement with **Sime Darby** to buy Guy Butler, the UK money broker for £11.75m.

MAI will also pay U.S.$20m to allow Guy Butler, which currently owns 49 per cent of the U.S. money broker Garvin Guy Butler, to buy the remaining 51 per cent from the New York money broker Garvin Bantel.

The decision to increase the Garvin Guy Butler holding to 100 per cent means MAI will not now buy the Chapdelaine group, a leading U.S. Government securities dealer, which was included when the deal was first announced in February.

These two deals, which will be completed on June 15, will make MAI one of the world's top international money brokers. Born in 1977 out of the remains of the ill-fated fringe bank J. H. Vavasseur, MAI currently earns one-third of its profits from the money broking activities of *Harlow Meyer Savage*. *The Guy* Butler purchase will take this to two-thirds.

MAI will pay £1m more for Guy Butler than announced in February. It will issue 1,935,484 new ordinary shares and pay £2.5m in cash. This compares with 1.5m new shares and £3.53m cash proposed three months ago.

"The news got better on a detailed investigation of Guy Butler and this led to an adjustment of the price," said Mr Clive Hollick, MAI's managing director.

A more favourable view of MAI by Sime Darby, the Malaysian-based plantation and trading group, similarly led to an increase in the share component of the deal, Mr Hollick commented. Sime Darby said it intends to hold these shares as a long term investment.

MAI will finance the purchase of Garvin Guy Butler from existing cash resources and the issue of 1,612,903 new ordinary shares. Hambros Bank yesterday arranged the vendor placing of the shares at 465p each.

The increase in the purchase price for Guy Butler means Sime Darby will hold about 12 per cent of MAI's capital compared with the 10.7 per cent indicated by the original proposal.

As part of the Guy Butler takeover MAI will acquire the Robert Bradford Insurance broking group though Sime Darby will remain responsible for Robert Bradford business transacted before July 1 1982.

Sime Darby said it expected the future payments resulting from Robert Bradford would be "significant" and provision will be made in the group accounts for these liabilities. Sime Darby said it could not yet put a figure on these liabilities, however.

The Robert Bradford business, with premium income of about £2.5m, will be merged with MAI's Hugh Paul insurance broking subsidiary to give total premium income of £3.5m.

The combined result of the Guy Butler and Robert Bradford activities produced a pre-tax loss of £1.3m in the year ended June 30. *This comprised* a profit from Guy Butler and a loss from the insurance broking side, Sime Darby said.

The purchase of the U.S. division of Guy Butler increased the attractiveness of the deal for MAI since this division produced 70 per cent of profit. "This is a particularly fine, Rolls-Royce business," said Mr Hollick.

Sime Darby said the deal would have no material effect on the group balance sheet or profit and loss account. However disposing of Robert Bradford will stabilise its position in UK insurance broking.

NDCC/CADBURY

National Distillers and Chemical Corporation and **Cadbury Schweppes USA Inc** are holding discussions on the possible acquisition by Cadbury Schweppes of the Holland House Brands division of National Distillers.

Holland House produces and distributes branded non-alcoholic cocktail mixers and speciality products.

1981-82 High	1981-82 Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
130	100	Ass. Brit. Ind. CULS	127	—	10.0	7.9	—	—
75	62	Airsprung	74	+1	4.7	6.4	11.7	16.3
51	33	Armitage & Rhodes	43	—	4.3	10.0	3.8	8.1
207	187	Bardon Hill	207	+1	9.7	4.7	10.0	12.2
107	100	CCL 11pc Conv. Pref.	107	—	15.7	14.7	—	—
265	240	Cindico Group	265	—	26.4	10.0	10.7	12.0
104	81	Deborah Services	61	−1	6.0	9.8	3.0	5.7
131	97	Frank Horsell	127	—	6.4	5.0	11.4	23.5
83	39	Frederick Parker	75	—	6.4	8.5	3.8	7.3
78	46	George Blair	54	—	—	—	—	—
102	93	Ind. Precision Castings	98	—	7.3	7.4	7.0	10.7
109	100	Isis Conv. Pref.	108	—	15.7	14.5	—	—
113	94	Jackson Group	101	—	7.0	6.9	3.2	7.2
130	108	James Burrough	114	+1	8.7	7.6	8.3	10.5
334	238	Robert Jenkins	238	—	31.3	13.2	3.3	8.4
67	51	Scruttons "A"	67	—	5.3	7.9	12.9	12.0
222	159	Torday & Carlisle	159	—	10.7	6.7	5.1	9.5
15	10	Twinlock Ord.	14½	—	—	—	—	—
80	66	Twinlock 15pc ULS	80	—	15.0	18.8	—	—
44	25	Unilock Holdings	26	—	3.0	12.0	4.5	7.6
103	73	Walter Alexander	84	+1	6.4	7.6	5.5	9.7
263	212	W. S. Yeates	232	—	14.5	6.3	6.1	12.1

Prices now available on Prestel page 48146.

Hawley to demerge retail operations

Hawley Group is to demerge its retailing operations selling sports equipment and hi-fi and video products throughout the UK. The Walsall-based group will establish a new holding company called Carraun in which it will retain a stake of 12.7 per cent.

Hawley will demerge its Ladyline chandlers, its Sportsday and *Pindisports shops and NuSound* and Sky Signs operations because it feels its management and financial resources can be better employed in building up its other interests, especially in the U.S.

The company's other activities are amusement machines, industrial and office cleaning, fitted bedroom furniture and burglar and fire alarm business of Electro-Protective Corporation of the U.S., acquired last year.

Carraun will purchase the retailing activities by the issue of up to 7,646,421 fully paid up 10p ordinary shares to Hawley shareholders on the register on June 25 1982 in the ratio of one new Carraun share for every five Hawley shares already held.

The activities to be transferred to Carraun had a net tangible asset value of £1,089,000 at December 31 1981. They made a net loss, before tax and extra-*ordinary items, of £147,000 last* year on turnover of £10,759,000.

These losses resulted from the heavy costs of a rationalisation programme and the recession in the UK. However, the benefits of rationalisation are now showing through and Carraun is expected to make a profit this year.

Carraun will be run by its existing management with a four-man board headed by Mr Peter Bain as chairman.

Apart from retaining a holding in the ordinary capital of Carraun, Hawley will also subscribe at par for 20m 12 per cent cumulative redeemable preference shares of 10p each after the demerger.

Carraun has no immediate plans for a stock exchange listing but is considering arranging a facility to match buyers and sellers of its shares. Ultimately the company may seek a quotation on the Unlisted Securities Market.

ESI IN MERGER TALKS WITH PARENT

Dealings in **ESI London** were suspended yesterday at 298p as the group announced that it was "considering the possibility" of merging with its unquoted parent in Pennsylvania, **International Signal & Control Corporation** for which it markets *missile testing and radio data* linking equipment.

ESI was floated on the Luxembourg Stock Exchange earlier this year — its track record was too short for a listing on the Unlisted Securities Market—and it is thought probable that the UK offshoot will use its quotation to buy its U.S. parent. The tax and legal complications involved in preparing any offer to comply with the requirements of the New York, London and Luxembourg authorities will probably mean that the shares are suspended for over two months.

FIFE INDMAR

The first additional payment of £156,000 by **Fife Indmar** in connection with the acquisition of **Park Naval Engineering** will be satisfied by the issue of 132,202 ordinary shares of Fife.

LADBROKE INDEX

Close 557-562 (+5)

THE TRING HALL USM INDEX

122.5 (+0.3)

Close of business 21/5/82

BASE DATE 10/11/80 100

Tel.: 01-638 1591

Tom Whyte £1m U.S. investment

MR TOM WHYTE has found a U.S. vehicle to add to his recent involvement in Sangers, the British wholesale pharmaceuticals group.

Through **Technology Investments**, his wholly owned Bermudian company, Mr Whyte has *acquired for $1.79m (£992,000)* a 52.6 per cent stake in Solidyne, a U.S. public company with interests in high frequency thermal processing equipment. He purchased this holding at a public auction at the Surrogates Court in New York from the estate of Mr Ernest Gross, Solidyne's erstwhile chairman, an old friend and, like Mr Whyte, a Hungarian emigré.

In what is described as purely a by-product of the Solidyne deal, Technology Investments now controls a substantial interest in Stanelco, the thermal processing equipment group with a growing involvement in fibre-*optics manufacture which was* brought to the Unlisted Securities Market at 83p per share by Tring Hall Securities in June last year.

The U.S. group retains a 60 per cent holding in Stanelco.

Shares in Stanelco dropped 1p yesterday to 40p as the group confirmed the warning, first sounded in January this year, that it would lose money in the first six months of the year to June 30, 1982.

It turns out that the interim profit of £62,000 for the previous year has been substituted by a pre-tax deficit of £109,000. Turnover dropped from £630,000 to £214,000 which the board, headed by Mr David Sinigaglia, attributes to the effect on the sales effort of the failure of the electronic valves supplied by a multi-national company for installation in the group's induction heating equipment.

One customer has, as noted in the last accounts, presented claims totalling £212,000 for alleged and consequential losses. No legal action has started, Stanelco reports, and alternative supplies of this bespoke range of valves are being arranged. A counter-claim against the component supplier is under consideration.

Shaw and Company has resigned as brokers to the company and have been replaced by *Charles Stanley and Company.*

BRITANNIA ARROW

THE NET asset value per existing ordinary share in General and Commercial Investment Trust on May 17, the date for calculating the value of Britannia Arrow's ordinary offer, was approximately 251.1p.

The ordinary offer will therefore comprise 6.99 new Britannia shares for each existing ordinary G and C share. Fractions of a Britannia share arising in respect of an individual holding will not be allotted and no payment will be made for them.

Full implementation of the ordinary offer would involve issuing 37,368,540 ordinary Britannia shares. Assuming the offer becomes wholly unconditional, 18,801,513 Britannia shares will be taken up pursuant to acceptance of the cash alternative.

The value of the preference offer is 125.823p per share.

A Britannia general meeting approved *the terms of both* offers. The Office of Fair Trading has indicated that the offer will not be referred to the Monopolies and Mergers Commission. The offer remains subject to conditions and another announcement will be made after an extraordinary G and C general meeting on Monday.

TIBER ENERGY

Tiber Energy Corporation has announced that **Canada Northwest Energy** has withdrawn from the proposed Southeast Asia joint venture.

The withdrawal is the result of delays created by the Court injunction obtained by Mr Robert W. Lamond and Aurora Energy Fund, shareholders in Tiber, which seeks to prevent the companies from proceeding at this time with the proposed venture.

Tiber has received a press release issued by **Orbit Oil & Gas** advising that it is preparing a formal take-over offer for the purchase of all outstanding Common shares and 1984 warrants of Tiber.

Tiber has also received a release issued by **Twin Richfield** which announces an increase in its previously announced offer to purchase all Tiber's outstanding *Common shares and 1984* warrants.

Orbit Oil announced that its offer for Tiber Energy Corporation has been increased. The terms are now $4.00 and one 15 per cent cumulative redeemable convertible series "A" preferred share of Orbit for every five common shares of Tiber.

LOCAL AUTHORITY BOND TABLE

Authority (*telephone number in parentheses*)	Annual gross interest %	Interest payable	Minimum sum £	Life of bond Year
Knowsley (051-548 6555)	13¾	½-year	1,000	4-8

British Vita management in buy-out

BRITISH VITA, the foam, plastic and rubber compounds group is selling its peripheral and loss-making road haulage interests, Blue Dart Transport, to its management for some £850,000.

About £350,000 will be paid to the group for the assets, mainly 67 articulated tractor units, provided the disposal is approved by shareholders at an extraordinary meeting on June 28.

The buy-out team has also negotiated a five-year lease for a fleet of almost 200 semi-trailers, which have an aggregate book value of approximately £500,000.

The group will retain its own distribution fleet. The external operation, which will be known as Blue Dart Freight Services, accounted for some 60 per cent of haulage turnover of £5.76m in 1981, and according to Mr R. H. Sellars, the group finance director, was responsible for almost all the year's £399,000 pre-tax loss.

The division currently employs 190 people, but 130 employees will be made redundant — although it is hoped that many will be taken on by the new owners who are expected to require some 90 personnel.

The new company will be funded, in broadly equal proportions, by a combination of term loans, overdrafts, factoring, hire purchase and the injection of £75,000 equity by the participants.

ALEXANDER STEPHEN SUSPENDED

The directors of **Alexander Stephen and Sons**, the Glasgow-based engineer, requested the temporary suspension of their company's shares from 3 pm yesterday pending an announcement.

The shares were trading at 30p prior to suspension to give a market capitalisation of £720,000.

CONTRACTS

Lilley Construction wins £37.6m in Nigeria

LILLEY CONSTRUCTION has been awarded a contract valued at £37.6m by the Plateau State Government of the Federal Republic of Nigeria for water supply projects within the state. Balfour Beatty Engineering is *the managing contractors for* the state government and the project will be financed out of a £157m ECGD supported loan and Euro-currency loan arranged by Midland Bank for Plateau State, which has been guaranteed by the Federal Republic of Nigeria. Work will commence in June and the contract will last about two-and-a-half years.

★

Rosser and Russell Group has a £1.7m contract for Television South's new studio complex in Maidstone and another job, valued at £550,000 for the headquarters of Channel 4 TV in Charlotte Street, central London. The company will be installing mechanical services, plumbing and drainage at both sites.

★

At Princes House, Gresham Street, EC2, **JOHN LELLIOTT** is to fit out the ground floor for Kyowa Bank and refurbish three other floors in contracts valued at £1.5m. Two more bank refurbishments are being carried out at Drummonds Bank, Charing Cross, SW1, and Barclays Bank, Regent Street, W1, with a combined value of £1.1m. The company has other contracts in and around London totalling £1.9m.

★

Two contracts, *valued at more* than £1.3m, have been won by **TAYLOR WOODROW CONSTRUCTION (SCOTLAND)**. The larger, worth £1.2m, has been awarded by Taylor Woodrow Industrial Estates and is for the construction of a new warehouse in Cambuslang Road, Rutherglen, Glasgow. The warehouse will be 84 x 54 metres with an attached two-storey office block of 410 square metres floor area. This contract includes all associated earthworks, roads, drainage and other ground works. Scheduled completion is January 1983. The other contract, valued at £150,000, has been received from the Scottish Examination Board for alterations to form a new computer suite within an existing building in Ironmills Road, Dalkeith, Midlothian.

★

WILCON CONSTRUCTION is building a factory and offices at Bone Lane, Newbury, for Abex. The factory, of steel frame construction will be 11,500 sq ft, and the mezzanine office area will be 2,500 sq ft. *Contract value is* £400,000. Wilcon is also refurbishing offices at Cliftonwille, Northampton, for Wilson (Connolly) Properties, at a cost of £145,000.

★

Construction contracts in the south west worth £2m have been won by **E. THOMAS & CO.**, a member of the Mowlem Group. The projects are on the A35 near Lyme Regis, at Seaton over the Devon border near Axmouth, at Newton Abbot and at Alverdiscott near Barnstaple. In Cornwall *the developments are at* Truro, Restormel near Lostwithiel, St Ives; and Callington, east Cornwall. Largest, worth £710,000, is to build a sub-station for the CEGB near Barnstaple.

★

***TAYLOR WOODROW* CONSTRUCTION** has been awarded a £1.1m sub-contract by Sir Robert McAlpine Project Management to build the frame of a building in a new shopping centre in Croydon, Surrey. The complex is being developed by St Martin's Property Investment and Debenhams will be major tenant. The sub-contract is for the construction of the foundations, drainage and the reinforced concrete *superstructure*, including blockwork and drainage, of a block of shops.

★

TRIVENI ENGINEERING WORKS has won a turnkey contract for setting up a $29m (£16m) sugar mill in Indonesia, the first such deal won by an Indian company. The project will be partly financed by a buyer's credit from the recently established Exim Bank of India. The plant is expected to be commissioned by 1984 and will have a capacity to crush 3,000 tonnes of cane a day.

★

A group of three Japanese telecommunications equipment makers has won orders worth Y4.6bn (£10.8m) from Indonesia *and Malaysia for* a submarine cable project. **NIPPON ELECTRIC CO.** is the chief contractor of the group which includes **FUJITSU** and **OCEAN CABLE CO.** The group will provide the south-east Asian nations with a complete submarine coaxial cable system that will run over 300 km between Medan, Indonesia, and Penang, Malaysia. The submarine cable system is expected to have a telecommunication capacity of 480 telephone channels when the project is completed in August 1983.

★

SPRING GROVE SERVICES has won a contract to supply washroom services — predominantly towel cabinets and towels—to the Essex County Council. The contract is expected to earn a turnover of some £1.5m over the minimum period of three years. Spring Grove will provide some 13,000 towel cabinets to the majority of authority-owned premises in the county including schools, police stations, libraries, *fire stations, DHSS premises* and County Hall itself.

★

A £1.6m contract has been awarded to **CROUDACE CONSTRUCTION** by the London Borough of Lewisham for the construction of 47 houses and 22 flats. The borough has also awarded the firm a £677,000 contract for the construction of a further 18 houses. The first project will be in mixed two- and *three-storey construction* on piled foundations together with associated roads and drainage system at Burnt Ash Hill, SE12. The second is at Lawrie Park Road, SE26 and the scheme will incorporate solar heating. Croudace Construction has also won a £787,000 award by the London Borough of Hammersmith for the construction of sheltered accommodation at Primula Street, W12. The scheme will provide 28 flats in two two-storey blocks.

★

Oxfordshire County Council has placed an order valued at £350,000 with **INTERNATIONAL COMPUTERS** for its new DRS 20 multi-microprocessor-based distributed resource systems. The council's main requirements were for microcomputers which could provide advance networking facilities when linked to its ICL dual 2972 computer, to ICL 2903 and 2904 computers operated by Oxford City Council and four other district councils *in Oxfordshire, and to Oxford* Polytechnic's computer.

★

WALTER LAWRENCE & SON has been awarded a £1.2m contract for an industrial/warehouse complex in Willow Street, EC2, on behalf of Nordic Finance in association with the London Borough of Hackney. Work, due to start this month, comprises 18 industrial workshop units on three floors with a warehouse and basement garage. Completion is due by March 1 1983.

★

RENOLD POWER TRANSMISSION has been awarded orders worth over £185,000 by English Clays Lovering Pochin and Co for vertical agitator worm gear units to be supplied as part of the drive mechanism on its *mineral processing equipment* used in the processing of china clay and similar fine white minerals.

★

COSTAIN CIVIL ENGINEERING has started work for the British Airports Authority on a 1.3 km dual two-lane carriageway at Heathrow Airport—the southern perimeter road. The £1.9m contract is due for completion in spring 1983, and com*prises construction* of the carriageway, a single two-lane extension to the western perimeter road, a roundabout, associated drainage and electrical services, two river culverts and landscaping works.

★

BRITISH SHIPBUILDERS subsidiary shipyard in Lowestoft, Brooke Marine, has secured a contract, valued at about £5m with the Sultan of Oman's navy for the conversion of an existing vessel into a patrol and training ship. *The vessel was originally* designed and built by Brooke Marine in the early 1970s. Work will begin in October. Total value of the Brooke Marine order book is stated to be £68m.

★

ISIS CONSTRUCTION, member of the Isis Group, recently the subject of a management buy-out, has orders for new works totalling £7m. Of this, some £4m has been awarded by the Property Services Agency covering refurbishments, construction of offices, store and workshops at Greenham Common, Newbury and term maintenance contracts at Larkhill, Upavon and Netheravon in Wiltshire. The Cornwall branch, based in Redruth, has orders for 18 mini-workshops in Plymouth and a large sewer project with ancillary works in Penzance, totalling some £800,000. The Sussex office contributes £1.7m for the construction of 44 dwellings with roads and sewers at Bexhill and 44 dwellings in Eastbourne. *The general works team* have been awarded several small projects, the largest being structural fire prevention works to the main block of the Princess Margaret Hospital valued at £350,000.

★

Arento, the Egyptian Posts and Telecommunications authority, has awarded a contract for 13 mobile telephone switching-centres to **Philips' Telecommunicatie Industrie**, of the Netherlands. The centres will be mobile versions of Philips' PRX *public* telephone exchanges, modified for use in remote rural areas. Selection of telephone systems in Egypt has previously been closely tied to the provision of finance by the supplier's government. The present contract, with a value of Fl 20m (£4.3m), is financed by the World Bank. The switching-centres will be automatic, with dual processors with stored program control. "User-friendly" operator positions will make it easy to provide assistance to *subscribers unfamiliar with the* complexities of a telephone directory. Philips will train Egyptian personnel, both locally and in Holland, to operate and maintain the system.

★

A contract worth over £1.6m, for works in conection with the ash disposal scheme stage IV for the Cottam power station is to be undertaken by **HENRY BOOT CIVIL ENGINEERING**. New ash lagoons and embankments, including the excavation and fill of 940,000 cubic metres are to be constructed as well as two pumping stations, drainage system inlet towers, emergency draw-off system and decanting structure. Work has started with completion programmed for October 31. The work is for the Central *Electricity Generating Board*.

★

MYSON DOMESTIC BOILERS has won a U.S export order worth £500,000 for 2,000 new wall-hung gas boilers. Myson has received gas boiler approval from the American Gas Association for its 40,000, 55,000 and 72,000 Btu/h models. The low water content boilers are going to Peerless Heater Company of Pennsylvania.

KING TRAILERS, Market Harborough, has an order worth over £1m for the supply of 31 pole erection units to British Telecom. The unit is designed to perform the complete operation of erecting telegraph and electricity poles from drilling the hole with an hydraulic auger to installation and the connection of services at the top of the pole via an aerial basket. Various options can be supplied including power hand tools, equipment to facilitate the removal of redundant poles and chassis-mounted lockers to stow and transport ancillary equipment.

TREND OF INDUSTRIAL PROFITS

ANALYSIS OF 98 COMPANIES

THIS IS the first of a new *series of Industrial Profits* tables, designed to complement the daily FT-Actuaries Indices which form the basis for investors' analysis of relative share-price performance.

Because the Profits tables will now include the financial results of precisely the companies whose shares comprise the Indices, it will now be possible to use them in evaluating the relative *trading* and financial performance of *different industrial — and* financial—sectors.

Although the old tables were more comprehensive, including over 2,000 companies' results in a 12-month *sequence, the 750 Index stocks* are believed to account for about 90 per cent of the profits of UK quoted companies, so little is lost by the restriction. And, apart from the benefit of bringing the coverage of two *FT* statistical series into line, the Profits tables will for the first time be comparable with one another; previously, there was constant variation in the companies making up a table, from year to year.

Readers' letters showed that for most purposes they wished to assess companies by their pre-tax profits, and the percentage change in pre-tax profits is now shown for the first time. On the other hand, profits *before depreciation* were of little interest to most analysts, and are no longer shown. Instead, we have included turnover, making it possible to calculate sectoral margins.

The table is compiled from reports published up to the end of April 1982 by 98 companies whose account year ended in the period between July 1, 1981 and September 30, 1981. The figures are in £000, and the corresponding totals for the previous year are given in brackets.

INDUSTRY	No. of Cos.	Turnover (1)	Profits before Int. & Tax (2)	Pre-tax Profits (3)	% chnge	Tax (4)	Earned for Ordinary Dividends (5)	% chnge	Ord. dividends (6)	% chnge	Cash Flow (7)	Net Capital Employed (8)	Net Return on Cap % (9)	Net Current assets (10)
BUILDING MATERIALS	2	86,205 (77,954)	6,155 (7,891)	4,021 (5,593)	−28.1	1,293 (2,163)	2,677 (3,052)	−15.6	890 (1,728)	−48.5	4,181 (3,653)	50,002 (45,995)	12.3 (15.9)	12,139 (13,879)
CONTRACTING, CONSTRUCTION	5	370,285 (374,951)	33,236 (37,101)	20,998 (26,370)	−20.4	6,848 (5,758)	14,183 (20,216)	−29.8	5,233 (5,017)	+4.3	14,447 (19,576)	215,151 (211,659)	15.5 (17.5)	91,219 (91,133)
ELECTRICALS	3	757,125 (756,890)	−9,794 (54,977)	−47,456 (25,460)	—	5,427 (5,616)	−52,729 (19,835)	—	652 (4,345)	−85.0	−6,583 (56,822)	337,157 (385,422)	— (14.3)	54,288 (168,782)
ENGINEERING CONTRACTORS	3	276,017 (266,492)	14,221 (19,595)	12,835 (15,646)	−18.0	1,129 (5,468)	11,162 (9,941)	+12.2	2,909 (1,983)	+46.7	13,584 (11,956)	87,484 (91,580)	16.3 (21.4)	44,914 (43,054)
MECHANICAL ENGINEERING	8	967,479 (913,911)	89,162 (91,564)	75,525 (79,515)	−5.0	21,252 (28,508)	51,020 (48,182)	+5.9	16,023 (14,735)	+8.8	52,987 (49,082)	529,869 (450,492)	16.8 (20.3)	248,247 (214,505)
METALS AND METAL FORMING	3	393,516 (496,991)	15,105 (34,056)	3,685 (21,090)	−82.5	1,744 (7,295)	1,260 (13,164)	−90.4	3,753 (4,729)	−20.6	8,769 (18,989)	265,745 (278,126)	5.7 (12.3)	92,780 (109,528)
MOTORS	6	2,349,896 (2,315,443)	67,885 (112,949)	19,021 (74,248)	−74.4	13,651 (21,316)	3,291 (48,546)	−93.2	14,007 (16,209)	−13.6	43,030 (88,350)	1,108,391 (1,117,785)	6.1 (10.1)	292,365 (382,343)
OTHER INDUSTRIAL MATERIALS	1	344,999 (332,434)	50,634 (51,531)	42,204 (43,480)	−2.9	15,297 (11,350)	26,907 (32,130)	−16.3	11,669 (9,682)	+20.5	32,655 (39,727)	312,859 (284,982)	16.2 (18.1)	70,778 (67,789)
TOTAL CAPITAL GOODS	30	5,545,522 (5,535,066)	266,614 (409,062)	130,834 (291,399)	−55.1	66,564 (87,474)	57,661 (195,066)	−70.4	55,136 (58,425)	−5.6	162,770 (288,095)	2,907,138 (2,855,981)	9.2 (14.3)	906,740 (1,066,142)
BREWERS AND DISTILLERS	6	6,180,887 (4,935,955)	540,162 (447,705)	398,776 (336,846)	+18.4	115,680 (90,383)	271,125 (237,171)	+14.3	84,542 (73,050)	+15.7	330,949 (273,579)	4,130,852 (3,556,970)	13.1 (12.6)	304,330 (294,950)
FOOD MANUFACTURING	5	5,315,437 (4,208,674)	240,594 (201,922)	168,883 (125,389)	+34.7	26,068 (25,863)	138,792 (94,616)	+46.7	40,727 (32,577)	+25.0	163,359 (121,012)	1,333,787 (1,210,514)	18.0 (16.7)	349,426 (342,774)
FOOD RETAILING	3	712,663 (593,424)	31,560 (26,190)	30,182 (24,817)	+21.6	10,758 (8,417)	19,341 (16,357)	+18.3	5,901 (4,896)	+22.3	20,845 (17,725)	95,382 (79,562)	33.1 (32.9)	−14,064 (−8,668)
HEALTH AND HOUSEHOLD PRODUCTS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
LEISURE	7	756,726 (639,400)	86,958 (78,702)	75,163 (70,928)	+6.0	35,668 (33,261)	39,069 (37,031)	+5.5	14,852 (13,250)	+12.1	86,919 (78,077)	424,796 (355,360)	20.2 (22.2)	−71,083 (−38,506)
NEWSPAPERS, PUBLISHING	2	320,209 (319,260)	23,506 (28,320)	21,045 (27,067)	−22.2	4,438 (11,888)	16,589 (15,159)	+9.4	4,462 (4,444)	+0.4	22,538 (22,259)	157,504 (132,093)	15.0 (21.4)	20,088 (12,921)
PACKAGING AND PAPER	2	68,172 (60,723)	2,036 (3,239)	633 (1,867)	−66.1	443 (—)	182 (1,859)	−90.2	762 (640)	+19.1	3,032 (4,335)	34,170 (31,965)	6.0 (10.1)	3,255 (5,066)
STORES	5	701,574 (660,499)	41,555 (38,801)	33,641 (29,402)	+14.4	2,976 (4,782)	30,417 (24,372)	+24.8	9,792 (8,619)	+13.6	32,692 (27,126)	336,164 (329,505)	12.4 (11.8)	8,855 (8,401)
TEXTILES	2	45,955 (39,669)	7,396 (4,849)	6,064 (4,457)	+36.1	1,858 (1,471)	4,206 (2,986)	+40.9	1,147 (1,035)	+10.8	4,210 (3,066)	45,871 (28,433)	16.1 (17.1)	23,389 (16,017)
TOBACCOS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
OTHER CONSUMER	2	58,568 (69,953)	−1,527 (−55)	−6 (−2,078)	—	250 (—)	−283 (−2,091)	—	— (118)	—	856 (−942)	17,184 (18,654)	— (—)	1,836 (2,714)
TOTAL CONSUMER GRP	34	14,160,191 (11,527,560)	971,222 (829,673)	734,381 (618,675)	+18.7	198,139 (175,865)	519,438 (427,460)	+21.5	162,185 (138,556)	+17.1	665,410 (546,339)	6,575,801 (5,743,056)	14.8 (14.5)	626,032 (635,569)
CHEMICALS	2	1,613,473 (1,287,795)	228,842 (166,370)	156,474 (105,368)	+48.5	34,155 (24,081)	111,113 (73,881)	+50.4	18,250 (16,550)	+10.3	168,659 (117,468)	1,542,082 (1,238,290)	14.8 (13.5)	263,590 (224,248)
OFFICE EQUIPMENT	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
SHIPPING AND TRANSPORT	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
MISCELLANEOUS	5	2,408,047 (2,057,878)	173,098 (143,322)	124,101 (106,470)	+16.6	23,544 (37,264)	95,300 (64,575)	+47.6	28,052 (23,980)	+17.0	118,115 (84,076)	905,124 (612,745)	19.1 (23.4)	336,710 (128,360)
TOTAL INDUSTRIAL GRP	71	23,727,233 (20,408,290)	1,639,176 (1,548,427)	1,145,790 (1,121,912)	+2.1	322,402 (325,684)	783,512 (760,982)	+3.0	263,623 (237,512)	+11.0	1,114,954 (1,035,978)	11,929,845 (10,458,072)	13.7 (14.8)	2,133,072 (2,053,319)
OILS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
BANKS	1	— (—)	107,900 (100,100)	107,900 (100,100)	+7.8	28,800 (39,000)	79,000 (61,000)	+29.5	12,200 (11,000)	+10.9	77,800 (61,300)	692,700 (596,600)	15.6 (16.8)	449,900 (382,400)
DISCOUNT HOUSES	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
HIRE PURCHASE	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE (LIFE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE (COMPOSITE)	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
INSURANCE BROKERS	1	— (—)	10,368 (8,920)	9,249 (8,188)	+13.0	4,454 (3,900)	4,279 (3,851)	+11.1	1,936 (1,765)	+9.7	3,519 (3,056)	23,633 (21,487)	43.9 (41.5)	1,200 (3,534)
MERCHANT BANKS	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
PROPERTY	4	— (—)	67,906 (54,944)	34,497 (27,505)	+25.4	14,128 (11,473)	19,944 (15,740)	+26.7	14,224 (11,834)	+20.2	6,657 (4,554)	1,159,544 (898,014)	5.9 (6.1)	36,875 (35,434)
MISCELLANEOUS	2	— (—)	53,566 (63,022)	10,718 (25,974)	−58.7	4,438 (13,922)	6,214 (12,035)	−48.4	3,290 (3,298)	−0.2	3,928 (9,754)	279,572 (275,055)	19.2 (22.9)	25,188 (23,237)
TOTAL FINANCIAL GROUP	8	— (—)	239,738 (226,986)	162,364 (161,767	+0.4	51,820 (68,295)	109,437 (92,626)	+18.2	31,650 (27,697)	+13.5	91,704 (78,664)	2,155,449 (1,790,156)	11.1 (12.7)	503,161 (444,605)
INVESTMENT TRUSTS	15	— —	44,718 (44,588)	39,268 (39,146)	+0.3	14,434 (13,757)	24,842 (24,459)	−0.9	22,725 (21,825)	+4.1	2,422 (2,533)	818,786 (780,962)	5.5 (5.7)	2,769 (−5,837)
MINING FINANCE	—	— (—)	— (—)	— (—)	—	— (—)	— (—)	—	— (—)	—	— (—)	— (—)	— (—)	— (—)
OVERSEAS TRADERS	4	5,290,858 (5,142,569)	263,019 (238,056)	157,783 (141,575)	+11.5	53,125 (49,596)	75,725 (67,000)	+13.0	36,692 (32,727)	+12.1	77,855 (68,222)	1,751,566 (1,389,651)	16.0 (17.1)	162,563 (241,219)

NOTES ON COMPILATION OF THE TABLE

The classification is that of the Institute and Faculty of Actuaries, used in the daily Financial Times—Actuaries Indices.

Col. 1 gives turnover, exclusive of VAT unless otherwise indicated.

Col. 2 gives profits before interest and taxation, that is to say profits after all charges except loan and other interest but before deducting taxation provisions and minority interests.

N.B.—Certain companies, including merchant banks discount houses, insurance and shipping companies are exempted from disclosing the full information required under the Companies Act, 1948.

Col. 3 gives Pre-tax Profits, that is to say profits after all charges including debentures and loan interest but before deducting taxation provision and minority interests.

Col. 4 groups all corporation taxation including Dominion, Colonial and Foreign liability and future tax provisions but excluding adjustments relating to previous years.

Col. 5 gives the net profits accruing on equity capital after meeting—

1—Minority interests.

2—All prior charges—sinking fund payments, etc., and Preference dividends and

3—Provisions for staff and employees pensions funds where this is a standard annual charge against net revenue

Col. 6 sets out the net cost of dividend *on equity capital.*

Col 7 is the capital generated internally over a year's trading. For the purposes of comparison equity earnings plus depreciation less equity dividends is the recognised method of computing this figure.

Col. 8 constitutes the total net capital employed. This is the total of net fixed assets—excluding intangibles such as goodwill — plus current assets less current liabilities, except bank overdrafts.

* For merchant banks and discount houses a more realistic figure to quote is the balance-sheet total.

Col. 9 represents the net return on *capital employed. Col. 2 as a percentage of Col. 8 provides an indication of average profitability.*

† Excluding merchant banks, discount houses and insurance (life and composite).

‡ No figures given.

Col. 10 net current assets are arrived at by the subtraction of current *liabilities and provision from current* assets.

U.K. CONVERTIBLE STOCK 22/5/82

Statistics provided by *DATASTREAM International*

Name and description	Size (£m)	Current price	Terms*	Conversion dates♣	Flat yield	Red yield	Premium† Current	Premium† Range‡	Income Equ§	Income Conv¶	Income Div♡	Cheap(+) Dear(−)◇ Current
British Land 12pc Cv 2002	9.60	261.50	333.3	80-97	4.6	2.2	1.9	−2 to 4	32.0	84.6	20.5	+18.6
Hanson Trust 9½pc Cv 01-06	150.59	113.25	71.4	85-01	8.7	8.5	7.1	2 to 14	86.3	74.6	−11.0	−18.1
Slough Estates 10pc Cv 87-90	5.03	231.50	187.5	78-83	4.4		0.4	−6 to 5	9.0	9.8	0.3	− 0.1
Slough Estates 8pc Cv 91-94	24.88	106.00	78.0	80-88	7.8	7.5	10.5	5 to 15	21.4	35.4	14.5	+ 4.1

* Number of ordinary shares into which £100 nominal of convertible stock is convertible. † The extra cost of investment in convertible expressed as per cent of the cost of the equity in the convertible stock. ‡ Three-month range. § Income on number of ordinary shares into which £100 nominal of convertible stock is convertible. This income, expressed in pence, is summed from present time until income on ordinary shares is greater than income on £100 nominal of convertible or the final conversion date whichever is earlier. Income is assumed to grow at 10 per cent per annum and is present valued at 12 per cent per annum. ¶ Income on £100 of convertible. Income is summed until conversion and present valued at 12 per cent per annum. ♡ This is income of the convertible less income of the underlying equity expressed as per cent of the value of the underlying equity. ◇ The difference between the premium and income difference expressed as per cent of the value of underlying equity. + is an indication of relative cheapness. − is an indication of relative dearness. ♣ Second date is assumed date of conversion. This is not *necessarily the last date of conversion.*

BOOKS

Buchan's mantle

BY RACHEL BILLINGTON

John Buchan: A Memoir
By William Buchan. Buchan and Enright, £9.95. 272 pages.

The Best Short Stories of John Buchan Vol. II
Edited by David Daniell. Michael Joseph, £8.50. 240 pages.

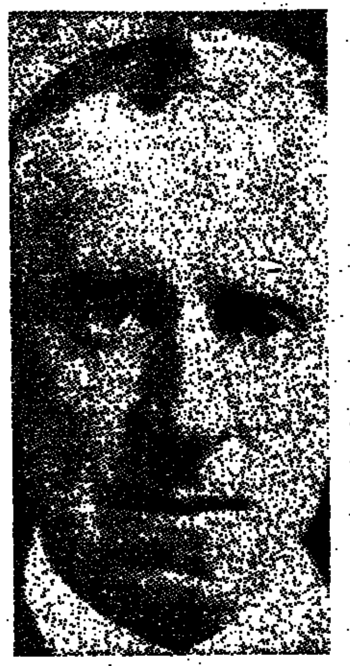
John Buchan, the novelist, lives on. Penguin has just brought out new editions of *Prester John*, *The Three Hostages* and *The Island of Sheep*; *The Thirty Nine Steps* in film form is an annual favourite on television. David Daniell publishes in June his second volume of *The Best Short Stories*. Graham Greene has acknowledged his debt; the complete works have been the subject of a serious work of literary criticism. At this stage his son, William Buchan, has felt justified in writing about Buchan the man. He was, after all, not only a highly successful novelist, but a historian, soldier, politician and finally as Lord Tweedsmuir, Governor-General of Canada.

There has already been a comprehensive biography, written by Janet Adam Smith and published in 1964. We have here something else, that rather disquieting book form called "a memoir" which, in the wrong hands, can seem an excuse for a kind of unresearched wishy-washy reminiscence which, one can't help feeling, gives more pleasure to writer than reader. In other words, its success depends more than usual on the character of the author.

In this we are lucky with William Buchan. He is not only a professional writer (and poet) himself but also has lived long enough to bring to his father's story his own settled views on life. The theme of this book, in which the son plays chorus to the father, is the passing of those virtues which he represented, of "courage, truth, loyalty, honour and compassion"—as the jacket flap lists them. Often and sadly the son regrets their loss.

This memoir, then, is a loving celebration of a great man, of a "genius," told as an example to the rest of us. Not that Buchan jr is ever priggish. On the contrary, he himself is almost excessively humble, describing his own failures in most of the areas where his father so demonstrably succeeded. It is not, it need hardly be said, easy to follow in the steps of a great man. Particularly one who, like John Buchan, had early discovered the secret of total application.

Buchan's upbringing might be enough reason for this. He grew up with Victorian standards of duty tuned up even more tautly by a father in the Presbyterian Church of Scotland. He was, as William Buchan describes him, a "son of the manse," a distinction shared by such names as Lord Reith, Alexander Fleming and Lord Beaverbrook (on the Canadian side). A more exotic reason for his living every moment to the full is suggested by his son. At the



John Buchan: stiff collars and upper lips

age of five he was run over by a carriage, badly injuring his head. He survived, although spending a year in bed. Mysteriously, when he returned to the world, a new more energetic, healthier child had appeared, albeit heavily scarred on his left temple. William Buchan hints that his survival was a kind of miracle, thereafter the sword of Damocles over him spurring him on to ever greater efforts. And indeed he did die, eventually, although hardly at an early age, of an embolism of the brain.

Naturally the book is most revealing on the details of family life. The comforts of life in a "small manor house" with a large garden, many excellent servants and an efficient, devoted wife have never been more alluringly painted. It reminds one of the sentiments, oft repeated elsewhere, in this dialogue from *The Island of Sheep*: "'Pretty good,' he said. 'England is the only really comfortable spot on earth — the only place where man can be utterly at home.'" On the other hand these almost complacent sentiments are equally often, as they are in the continuation of this piece of dialogue, spiked by the belief that comfort and pleasure must be earned: "'Too comfortable,' I said. 'I feel I'm getting old and soft and slack. I don't deserve this place, and I'm not earning it.'"

Those who wish to know details about Buchan's working life, for example his extraordinary experiences in South Africa as one of Milner's "Kindergarten," must look to Janet Adam Smith's book. William Buchan does note the important effect of his confrontation with death and disorder among the Boers on his father. When he returned to England he was no longer satisfied to be a bright young man in London. His horizons had spread wide enough to encourage a world view. He stood apart. The picture painted here is always of someone who stood slightly apart from the herd, even though he was at one level the most conventional of men. (The stiffness of his stiff collars is one of his son's abiding memories.)

Buchan never gave himself entirely to one career. Indeed, the wide scope of his talents resulted in his never being quite as respected in any of them as he would have liked. At a moment when he was contemplating a career in politics, his wife quoted to him advice she had been given at a party: "John *must* stand for Parliament and he must belong to one side or the other!"

This standing apart and ability to see both sides of the argument are, above all, the qualities of a writer. They are apparent in Buchan's books of history as much as in his fictional works. (Mr Daniell in his interesting introduction to the new volume of short stories, quotes a wonderfully vivid yet objective passage out of Buchan's *History*.) They are not, however, the first attributes of a politician. On the other hand, without his experiences in the world outside an author's desk, he could never have written with such authority or scope. His son's memoir may well encourage readers to look further than the Hannay novels.

Anthony Powell, Kingsley Amis, Philip Larkin and Hilary Amis in 1958—an illustration from the book reviewed below

Plaudits for a modern poet

BY ANTHONY CURTIS

Larkin at Sixty
Edited by Anthony Thwaite. Faber and Faber, £7.95. 148 pages.

Noel Hughes remembers Larkin as a schoolboy. Kingsley Amis remembers him as an undergraduate. Charles Monteith reflects on Larkin as an author. Robert Conquest on Larkin as a friend. B. C. Bloomfield and Douglas Dunn on Larkin as a librarian. John Betjeman sends him a birthday present of a poem about a Teddy Bear.

Then there are pieces about his work—Larkin the anthologist (John Gross); Larkin the jazz critic (Clive James); Larkin the novelist (Alan Brownjohn); Larkin the poet (Christopher Ricks and Seamus Heaney). And, to make an end, there is a funny piece by Alan Bennett, wondering whether he should be contributing to such a volume at all: "A birthday present for Philip Larkin," Mr Bennett writes, "is like treating Simone Weil to a candle-lit dinner for two at a restaurant of her choice."

But is it? After all, no other poet in English in modern times has made us so aware of the process of ageing—why not give him his carriage-clock and cake with 60 candles for him to blow out in one puff? He has always respected the need for ceremony even while seeing through it. Certainly, the book makes us aware of how central Philip Larkin and his work are to people in a variety of disciplines and callings. His eminence has been attained by eschewing publicity and sticking patiently to his Yorkshire last. Like Cowper, Anne Bronte, Hardy, who are among his poetic forebears, he is one of those poets who live entirely within their own strength. And, thank Heaven, he is still only 60. The best may be to come.

Remembering Trott

BY GEORGE MALCOLM THOMSON

The Parting of Ways
by Shiela Grant Duff. Peter Owen, £10.50. 223 pages

Edgar Mowrer asked Shiela if she spelt Grant Duff with a hyphen which he thought was the smart thing to do. She replied, "Grandmother's name was Lane Fox Pitt Rivers without a single hyphen. That is much smarter." As an example of one upmanship it would be hard to beat.

Writing now about the painful years before the war when we were all more simple-minded than we are now, Shiela Grant Duff tells the story of a good-looking young woman, herself, with a small private income and an enormous desire to share in or, at least, to observe, the dangerous swirl of events in Europe. She did so as a foreign correspondent, starting her career in journalism as assistant to Edgar Mowrer, Paris correspondent of the *Chicago Daily News*. Her motives were of the highest, her bias liberal.

Looking back, what she remembers best are some emotional entanglements which complicated her study of international affairs. She fell in love with Goronwy Rees, who fell in love with someone else. Adam von Trott fell in love with *her*.

Trott, a good-looking young German aristocrat, who numbered among his ancestors the first Chief Justice of the United States, is the most tragic figure in the story. He was a Rhodes Scholar, a liberal and a German patriot, unwilling to believe the worst (that is to say, the truth) about Hitler's régime. Staying in Germany when he could have left, he was at last caught up in the "Officers' plot" against Hitler and executed.

He took Shiela to Travemünde on the Baltic Coast. One evening after a walk on the sands, he asked what her plans were. "To marry Goronwy," she said. "He flung himself down beside me and said 'Marry *me*.' I was completely flabbergasted."

From Paris, where as a young girl she had been told how to avoid embarrassment ("Walk fast and never catch anyone's eye"), she wrote to Trott that she valued his friendship but it was Goronwy she loved. And that was that—although Trott was not so easily rebuffed.

There followed for Shiela a spell as Nehru's bear leader in London:

"He was very beautiful, with not only the beauty of form and feature but also of expression."

One evening during a walk on Hampstead Heath, she asked him whether he thought man was naturally good or naturally evil. "Good heavens," he said, "and what is Good and what is Evil?" She was terribly disappointed. The Wisdom of the East had not obliged. Years later, she reminded him of his reply. He sighed and said "How banal!"

When Hitler marched into Prague, Shiela at last broke off with Trott, who by that time was pursuing his devious political aims through the Cliveden set. To what extent his relations with Shiela had been a cover for those aims remains, for the reader of this well-written and intense book of reminiscenses, a mystery.

Through their eyes

BY SIMON HENDERSON

The Arab in Hebrew Prose: 1911-1948
by Risa Domb. Vallentine, Mitchell. £13.50. 160 pages

Newsreel shots of Arabs on the West Bank clashing with Israeli soldiers and settlers brings the apparently intractable Arab-Israeli dispute into everyone's living room. Viewed night after night the sequences can seem repetitive.

Books written on the subject face a different range of problems. Impartiality is rare. Those written from the one side of the political divide are consequently considered biased and are reviled by the other. Dr Domb's book is different in that it turns the usual prejudices upside down.

The period considered starts before the Balfour declaration spoke of a Jewish national home when the Turks still ruled the area. Hitler had yet to be heard of. But there had already been two waves of Zionist immigration to Palestine and attitudes towards the indigenous Arab population were being established.

In terms of competing nationalisms it is not a glorious period. The settlers from Europe considered the local Arabs at best quaint, at worst irrelevant or in need of a dose of civilisation.

The study begins in 1911 because this was the year that Moshe Smilansky published a collection of stories entitled *Children of Arabia*, the first work in the recently revived Hebrew language really to consider the Arabs. The book goes on to 1948 with the establishment of the State of Israel which institutionalised the struggle with the Arabs.

The fictional works considered almost give a truer account of the period than the so often rewritten history. They also give an outline of the social structure of the Arab community with its division between town Arab, peasant and Bedouin which is still valid.

The conclusion is not a happy one. There was a notable lack of understanding for the Arabs and a failure to consider any as individuals.

Fiction

Racing man's downfall

BY ISABEL QUIGLY

Bad Bet
By Roger Longrigg. Hamish Hamilton, £7.95. 374 pages.

Returning
By Edna O'Brien. Weidenfeld and Nicolson, £6.50. 158 pages

Union Street
By Pat Barker. Virago, £6.95. 265 pages.

How is a good man, much-loved and honest, brought down, execrated by everyone in his world, hounded out of it, finished? As happens in a much greater novel, *The Mayor of Casterbridge*, we first meet the main character at the peak of his worldly glory, fêted, envied, admired, relaxed in his sureness of success, at exactly the moment when his luck is about to turn. Nemesis is the theme of *Bad Bet*, Roger Longrigg's most ambitious novel yet. "Call no man happy until he is dead" could be its motto.

Matthew Carver is an American whose world is that of horse racing and horse breeding in America and Europe. "He was a good fellow and a clever fellow, a popular bloke and a man everybody trusted," someone muses about him at Newmarket on the day his downhill slide begins, "but he had one ghastly drawback. He wasn't very rich." Influential, and trusted by the very rich, he belongs to a syndicate with vast fortunes invested in bloodstock.

How Matthew is discredited and ruined is cunningly, always credibly, worked out. There is no single villain or malevolent influence. His good name, his livelihood, his world and his place in it, his family home, his own fortune (such as it is: to most of us he would seem quite rich), all are lost — not through anyone's cunning, or even through real hatred, but simply through all sorts of small envies and unhappy combinations: a trainer he seems (not through his own fault) to let down; a mischief-maker who has the ear of the Press and earns small sums and much glee from his mischief; a groom too frightened of a particular horse to deal with him; a neurotic wife whose prison-visiting earns her a name for sanctity; and an equally neurotic mistress who disrupts Matthew's life at every turn, including his wife's funeral.

Several small-minded rivals rejoice in the downfall of a man better liked, better known, more grandly placed (even if poorer) than themselves. Matthew's own children are involved in youthful scandals. And then a combination of them all, the momentum of disaster leading to more disaster; gradually mounting, cumulative obloquy. Millions upon millions of pounds are involved. How can the great bay Beausoleil have sired mediocre foals, nearly all of them grey?

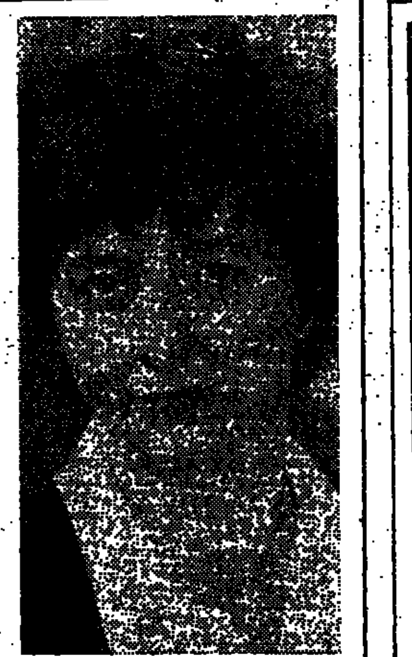
Roger Longrigg has been compared with Waugh and Wodehouse and Nancy Mitford: not necessarily accurate criticism, but an indication of the shades he conjures. *Bad Bet* is a portrait of the whole racing world; tense, amusing, wide-ranging. I haven't read a novel more instantly readable for months. What it is not, though it deals with tragic downfall, is tragic in scale or feeling. *A Handful of Dust* and *The Pursuit of Love* have a power and density that *Bad Bet* lacks. It is a little too long, too explicit, and occasionally coarse in touch; and, therefore, in effect. I enjoyed it enormously but felt faintly disappointed at the end — not at the ending itself, which is suitably downbeat and enigmatic, but at the final effect of it all.

Edna O'Brien is at her best in Ireland, the rural Ireland of her childhood from which life and success have exiled her. She looks at it with the irony of distance and displacement. She gets the atmosphere exactly right; the turn of phrase, the sentence structure, the very air and weather. And there too her own life, which has given her so many settings for fiction, comes full circle, her experience away from it allowing all kinds of rich, allusive views of what, when she was part of it, must have seemed straightforward. A simple example comes in the first of the short stories in *Returning*, "The Connor Girls," about two sisters whose supposed grandeur the narrator's family, throughout her childhood, longs to share. When at last she is invited to visit them she no longer cares; the local aspirations no longer matter; she has moved on.

"They live on," Edna O'Brien writes of some characters in a story called "Ghosts", "they are fixed in that far-off region called childhood, where nothing ever dies, not even oneself." This perfectly expresses both the distance and the ubiquity of childhood, its powerful presence in the rest of life, its tenderly-seen remoteness, the mixture of feeling it arouses, its inescapable weight. With feeling but entirely without sentimentality, she confronts a community at once primitive and prudish, superstitious, simplistic. In "Sister Imelda" we are back at the convent school where the narrator and Baba (of *Country Girls*, that hymn to emergence and eye-opening) grumble and grow up under the seductive, half-opened eye of Sister Imelda.

Almost all the other stories deal in some way with comings and goings, returns after time away, circular experiences of the world inside and outside the womb of Ireland. In "Savages" mad Mabel comes home from Australia after years away; in "The Doll" it is the narrator again who has left, then returns: "The years go by and everything and everyone gets replaced . . . I have fled. I live in a city. I am cosmopolitan." Escape and return are Edna O'Brien's perennial themes, beautifully balanced in this collection of Irish stories.

Pat Barker's *Union Street* is a first novel dealing with the seven ages of women, North Country slum women who suffer first from the life they have been dealt, then from the men around them: a child who is raped; a prostitute, still working her sixties; an even older woman who wants to end where



Pat Barker: the seven ages of modern women

she began, in her own home. Their world is one of extreme physical crudeness, totally lacking in not just the amentities of life but the respect, protection, and education most of us take for granted.

Mrs Barker shows fierce poverty in action, poverty of mind as well as circumstances, poverty of hope and opportunity as well as surroundings. My belief that the subject of fiction mustn't be allowed to count, that its treatment is what matters, is sorely tested by the unremitting squalor and gloom; but perhaps this promising writer may outgrow the cheerless realism that, I feel, cramps rather than concentrates her talent.

Ozick oracular

BY SARAH PRESTON

Levitation: Five Fictions
by Cynthia Ozick. Secker & Warburg. £6.95. 158 pages

Ruth Puttermesser: the very name of such a heroine is at once sinister and risible, attracting the reader because it sounds at the same time familiar and alien. A dual quality also pervades the five stories which form this extraordinary, entertaining book, compelling attention by means of both realism and fantasy, contemporary detail, and historical mysticism.

The deathly courtesy of Wasp discrimination against blacks, women, Jews, or anyone eager, anxious and super-efficient, can seldom have been nailed more accurately than in the description of Puttermesser's travails in a Wall Street law office. But the "golem," or Hebraic equivalent of the genie of Aladdin's lamp, who enables her to become mayor of New York and make the city a vandal-free Eden, is a creation from the ghettoes of medieval Eastern Europe. Similarly, "Levitation," the story (or fiction, as the author calls them) which gives the book its title, ends in a paranormal event, but is grounded in the all to recognisable lives of college-educated achievers.

It is as if Woody Allen had taken over a screen-play by Sholom Aleichem. Zappy prose, a lot to laugh about, a lot to think about, and in the end you are not really sure whether you understood it.

WORLD STOCK MARKETS

Early 2.5 rise on Wall Street

SLIGHTLY HIGHER levels developed in moderate trading on Wall Street yesterday, mainly reflecting a technical rebound, following the market's recent declines.

By 1 pm the Dow Jones Industrial Average was up 2.57 to 835.05, reducing its loss on the week to 22.73, while the NYSE All Common Index, at $66.23 rose 14 cents on the day but was still off $1.88 on the week. Trading volume totalled 32.5m shares.

Analysts noted the Stock Market continued to be concerned about the outlook for the economy and interest rates. In addition, the Falkland Islands dispute remained a background factor.

News that Consumer Prices rose 0.2 per cent in April after declining 0.3 per cent in March, was expected and had little impact on trading.

International Harvester were active and up $¼ to $3⅝—late Thursday it denied market rumours that it will file a bankruptcy petition although it closed $1½ lower after on a second quarter loss of $198.4m.

Chase Manhattan regained $1 to $45¾ — it lost more than $7 since Monday following disclosure of problems associated with Drysdale Government Securities.

Citicorp were up $½ at $26¾, Bankers Trust $⅜ to $30⅞, Chemical New York $½ to $32½, Marine Midland $½ to $21½ and Wells Fargo $½ to $22½.

Teledyne moved down $3⅝ to $112⅞ — it holds more than 16 per cent of International Harvester.

General Electric firmed $⅜ to $62⅞, Northwest Airlines $⅝ to $26⅝, Proctor & Gamble $½ to $84½. Burlington Northern were off $½ to $48¼.

THE AMERICAN SE Market Value Index eased 0.16 to 268.62, making a fall of 10.33 on the week. Volume 5.26m shares.

Closing prices for North America were not available for this edition.

Dome Petroleum, the most active issue, held unchanged at $5½ on a volume of more than 1m shares.

Real Estate Investment Trust, also active, advanced $2 to $31½.

Canada

Stocks were off slightly at mid-session with Gold issues pacing the decline. The Gold Share Index shed 82.9 to 1,873.5.

The Toronto Composite Index lost 4.6 to 1,497.7, Oil and Gas 16.7 to 2,589.4 and Metals and Minerals 1.6 to 1,349.9.

Most active Dome Petroleum slipped $⅛ to $6½—late Thursday it said it has about C$1.4bn in debt due in the latter part of the year and any sale of assets will go toward reducing the amount of debt.

Tokyo

Share prices lost ground in thin trading—210m shares—with many investors staying on the sidelines after the further overnight fall on Wall Street, and amid mounting tension in the Falklands.

Export-orientated issues, including Light Electricals, Motors, Precisions and Heavy Electric Machine Makers led the decline.

Hitachi shed Y12 to 672, despite its improved full year results.

The volatility on Foreign Exchange Markets in the yen/dollar rate also subdued trading.

Non-Ferrous Metals and Gold Mines were among the few bright spots.

Steels eased on news that Sumitomo Metal Industries has decided to cut back on seamless pipe production by 40 per cent beginning in July because of sluggish overseas demand. Other major Steel producers are planning to follow suit.

Hong Kong

Prices recovered to close little changed having eased earlier on news that UN peace efforts over the Falklands had failed. The usual late-week takeover rumours spurred the rebound.

Most Blue Chips were lower after light selling most of the day, but Utilities posted gains in active trading. The interest in Utilities was fuelled by rumours of possible mergers that could be announced on Monday.

Australia

With International investors waiting for something to happen in the Falklands Islands, the general lack of interest saw markets take another fall, the seventh in succession.

Volume was again low but saved from total disaster by some block trades, the most important of these arising out of the shortfal from the last Australian Gas Light share issue. One of the underwriters married off 600,000 shortfall shares at A$2.70 each.

The sting was taken out of the initial losses by bargain hunting.

BHP fell 10 cents to A$7.34 after it announced a dry hole in the Bass Straits and released the rig, indicating that it had written off the areas for time being at least.

A shortage of news of any sort kept the specialist Oil and Gas stocks on the defensive.

Golds came back on the lower London Bullion price. Base Metals eased on lack of any real buying support.

Banks lost further ground but Financials held and there was support for selected Breweries and Tobaccos.

H. C. Sleigh and Blue Metal Industries each firmed on takeover hopes.

Germany

Prices closed broadly lower as large Institutional investors took to the sidelines to await developments in the Falkland Islands crisis.

Brokers said trading was so slow that it threatened to dry up completely later in the session. Prices of most important stocks retreated as much as DM 1.50 after the United Nations' failed in its bid to obtain a peaceful end to the Falklands dispute.

Bilfinger reached DM 350 as a settlement price, up DM 10 after news of a one-for-two Rights issue at DM 200 and a bonus dividend, while Chase Manhattan fell DM 9 to 104.50, on its problems over interest repayments from a Securities company.

Switzerland

Shares closed mixed-to-easier in light volume after the Ascension Day holiday and ahead of the weekend. The Bond market was also easier.

Eidgenoessische Bank firmed to SwFr 188 after trading resumed yesterday at SwFr 185 against SwFr 155 earlier in the week.

Union Bank of Switzerland closed barely steady—it plans to raise its stake of slightly more than 50 per cent in the holding company Eidgenoessische Bank to 100 per cent by offering two of its own Participation Certificates for one EB share.

Oerlikon-Buehrle attracted most attention, tumbling SwFr 65 to SwFr 1,070 amid statements of management concern about difficulties both in weapons and machine tool operations in the coming year.

Milan

Stocks closed lower in thin trading on reports that more taxes might be decided to face growing public debts. Italian Ministers are admitting that public debt in 1982 will exceed the Government ceiling.

The easier tone also reflects worries over the series of confidence votes called in Parliament by Prime Minister Spadolini to push through the economic legislation.

Singapore

Prices ended lower on profit-taking, and unsettled by the breakdown of talks over the Falklands crisis. An unusual slowdown in the growth of the Singapore economy and weakness on Overseas Markets also depressed prices.

Blue Chips led the market in generally quiet and selective trading with most attention on rumoured takeovers.

NEW YORK

CANADA

BELGIUM (continued)

HOLLAND

AUSTRALIA

JAPAN (continued)

DENMARK

FRANCE

GERMANY

AUSTRIA

BELGIUM/LUXEMBOURG

NORWAY

SWEDEN

ITALY

SWITZERLAND

HONG KONG

SINGAPORE

SOUTH AFRICA

BRAZIL

Indices

NEW YORK —DOW JONES

	May 20	May 19	May 18	May 17	May 14	May 13	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
◆Industr'ls	832.48	835.90	840.85	845.52	857.78	869.11	882.52 (4/1)	795.47 (8/3)	1051.70 (11/1/73)	41.22 (2/7/32)
H'me Bnds.	460.17	60.01	60.16	60.20	59.99	60.06	60.20 (17/5)	55.67 (12/2)	—	—
Transport.	382.32	354.80	359.48	346.43	350.84	350.22	388.46 (7/1)	314.86 (8/3)	447.38 (16/4/81)	12.32 (8/7/32)
Utilities	115.04	115.41	113.29	114.02	115.57	116.22	116.95 (7/5)	103.61 (13/1)	163.32 (20/4/69)	10.5 (28/4/42)
Trading Vol 000·1	46,550	48,840	48,970	46,600	48,900	56,250	—	—	—	—

◆ Day's high 839.71 low 827.63

Ind. div. yield %	May 14	May 7	April 30	Year ago (Approx)
	6.53	6.42	6.58	5.81

STANDARD AND POORS

	May 20	May 19	May 18	May 17	May 14	May 13	1982 High	1982 Low	Since Cmpil't'n High	Since Cmpil't'n Low
Indust'ls	129.00	128.17	129.25	130.08	131.56	131.76	137.28 (4/1)	118.41 (8/3)	160.96 (28/11/80)	3.62 (30/6/32)
Composite	115.64	114.89	115.84	116.71	118.01	118.22	122.74 (4/1)	107.34 (8/3)	140.52 (28/11/80)	4.407 (1/6/32)

	May 19	May 12	May 5	Year ago (approx)
Ind. div. yield %	5.72	5.52	5.61	4.67
Ind. P/E Ratio	7.74	8.02	7.91	10.81
Long Gov. Bond yield	12.87	12.77	12.91	13.22

NY. S.E. ALL COMMON

May 20	May 19	May 18	May 17	1982 High	1982 Low
66.09	66.32	66.84	67.36	71.20 (4/1)	62.52 (12/3)

Rises and Falls

	May 20	May 19	May 18
Issues Traded	1,851	1,862	1,893
Rises	175	434	418
Falls	382	975	1,027
Unchanged	194	463	448
New Highs	12	12	11
New Lows	60	40	41

MONTREAL	May 20	May 19	May 18	May 17	1982 High	1982 Low
Industrials	275.52	281.55	282.90	285.25	352.79 (4.1)	270.46 (16.3)
Combined	259.87	265.25	265.16	267.32	316.98 (4.1)	255.08 (15.3)
TORONTO Composite	1502.30	1521.1	1531.6	1545.2	1906.3 (4.1)	1521.1 (19/5)

	May 21	May 20	May 19	May 18	1982 High	1982 Low
AUSTRALIA						
All Ord. (1/1/80)	508.0	510.2	514.0	516.5	595.3 (4/1)	456.6 (10/3)
Metal & Minls. (1/1/80)	368.9	372.5	376.2	378.7	425.1 (5/1)	322.2 (2/4)
AUSTRIA						
Credit Aktien (2/1/62)	52.0	(c)	52.20	52.24	58.98 (4/1)	52.0 (21/5)
BELGIUM						
Belgian SE (31/12/58)	(c)	(c)	93.37	93.55	102.45 (5/4)	88.42 (28/1)
DENMARK						
Copenhagen SE (1/1/73)	117.15	(c)	117.44	117.85	128.22 (26/2)	112.96 (8/3)
FRANCE						
CAC General (31/12/81)	109.9	(c)	109.8	109.4	111.6 (12/5)	85.6 (4/1)
Ind Tendance (31/12/81)	122.4	(c)	122.3	122.0	124.8 (12/5)	87.7 (4/1)
GERMANY						
FAZ-Aktien (31/12/58)	228.42	(c)	229.02	229.70	239.46 (5/4)	218.36 (18/1)
Commerzbank(Dec1953)	697.4	(c)	698.5	700.8	729.8 (5/4)	686.7 (18/1)
HOLLAND						
ANP-CBS General (1970)	93.0	(c)	93.8	94.1	95.0 (10/5)	84.0 (6/1)
ANP-CBS Indust (1970)	73.5	(c)	73.6	74.4	74.8 (10/5)	65.2 (4/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1359.51	1358.37	1360.19	1334.05	1445.32 (12/1)	1129.83 (9/3)
ITALY						
Banca Comm Ital.(1972)	178.77	183.34	189.23	186.83	212.69 (19/3)	178.77 (21/5)
JAPAN(**)						
Dow Average (16/5/49)	7497.05	7551.54	7572.15	7567.08	7926.85 (27/1)	6863.53 (17/3)
Tokyo New SE (4/1/68)	557.26	558.03	562.07	560.38	585.28 (27/1)	520.70 (17/3)
NORWAY						
Oslo SE (1/1/72)	123.79	(c)	124.59	124.23	130.38 (20/1)	109.12 (1/4)
SINGAPORE						
Straits Times (1966)	766.85	772.51	773.24	775.58	819.76 (8/1)	697.49 (9/3)
SOUTH AFRICA						
Gold (1958)	—	(u)	418.7	475.8	569.3 (6/1)	410.6 (11/5)
Industrial (1958)	—	(u)	573.8	578.81	711.7 (8/1)	565.3 (29/3)
SPAIN						
Madrid SE (30/12/81)	99.26	99.11	99.26	99.61	107.45 (9/2)	95.17 (6/1)
SWEDEN						
Jacobson & P. (1/1/58)	596.95	(c)	(u)	587.76	658.52 (22/1)	563.32 (28/4)
SWITZERLAND						
Swiss Bank Cpn. (31/12/58)	258.1	(c)	257.4	256.9	265.1 (11/1)	242.5 (11/5)
WORLD						
Capital Intl. (1/1/70)	—	135.8	136.2	136.3	147.2 (4/1)	129.1 (17/5)

(**) Saturday May 15: Japan Dow (c) TSE (c).

Base values of all indices are 100 except Australia All Ordinary and Metals—500. NYSE All Common—50; Standard and Poors—10; and Toronto—1,000; the last named based on 1975. † Excluding bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials [illegible] c Closed. u Unavailable.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Intl. Har.	779,500	3⅝	−1½
Citicorp.	771,500	26½	+ ¼
NLT	735,700	26¾	−1⅛
Warner Com.	678,900	51½	—
Chase M'hattan	602,300	44¾	−2⅝
Wstn. Co. NA	572,400	12⅛	+ ⅛
IBM	539,100	63	+ ½
Schlitz	525,800	16⅛	+ ⅛
ATT	521,100	54½	+ ⅛
Duke Power	507,700	22⅜	+ ⅛

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Ricoh's net profits decline by 14%

By Yoko Shibata in Tokyo

RICOH, Japan's major manufacturer of plain paper copiers continued to suffer from declining earnings because of heavier depreciation burden in the fiscal year ended March 31.

Unconsolidated operating profits fell by 5.6 per cent to Y19bn ($81m). Net profits were 13.9 per cent lower at Y9.48bn on sales of Y294.7bn up by 16.3 per cent. Profits per share were Y29.67, compared with Y40.63.

Plain paper copiers accounted for 60 per cent of total sales (up by 11 per cent); sales of data processing and facsimile equipment accounted for 16 per cent (up by 67 per cent); sales of sentisized paper acounted for 19 per cent (up by 5.8 per cent); and photographic equipment accounted for 4 per cent (up by 19 per cent).

Domestic demand for plain paper copiers had been growing at an annual rate of 20 per cent to 30 per cent by 1980. However, in the second half of the year just ended, domestic shipments fell by 10 per cent.

Ricoh, which has about 40 per cent of the domestic market for plain paper copiers, suffered from price cuts caused by intensified competition from many new makers.

The company built up direct overseas sales channels to replace agreements with other companies. As a result, exports surged 26 per cent to account for 34 per cent of the total turnover. In particular, exports of data processing and facsimile division rose 132.5 per cent.

Ricoh has stepped up in recent years capital investment and research and development on, for example, in-house production of semiconductors. As a result, the depreciation burden increased by Y3bn to Y9.3bn.

For the year end March 1983 the company expects copier sales to grow by 7.8 per cent and data processing and facsimile equipment sales by 30 per cent.

A heavier depreciation burden and lower profitability of plain paper copiers are likely to cut operating profits by 5.4 per cent to Y18bn. Net profits are expected to fall by 10.4 per cent to Y8.5bn, on turnover of Y320bn, up by 8.6 per cent.

Toyota Motor Sales lifts second-half earnings

BY OUR FINANCIAL STAFF

TOYOTA MOTOR SALES, the sales arm of Japan's largest motor group, staged a second-half recovery to report a 23 per cent rise in net profits despite a small decline in sales volume. The dividend was maintained at Y11 a share.

Its interim net profits had fallen 12.6 per cent, mainly because of a marked drop in exports. But full-year net was Y38.08bn ($160m), against Y30.9bn a year earlier. Operating profits were almost flat at Y60.54bn against Y60.1bn.

Sales volume fell 1.7 per cent to 3.2m vehicles but rose by 9.7 per cent in value terms to Y3.93bn ($16.6bn). Domestic sales rose 5.2 per cent to 1.53m vehicles.

Export sales fell 7.3 per cent to 1.67m units, reflecting marketing restraint agreements in North America and Europe. Exports of kits for foreign assembly climbed by 32.7 per cent, however, to 119,000 units. The assembly abroad of cars is seen as one way to avoid trade friction.

Negative factors in the year included higher sales costs and heavier corporate taxes, but these were more than offset by higher sales and foreign exchange gains.

In addition, the company sold 39m shares in its associated manufacturing arm, Toyota Motor, to the company for a Y25.2bn extraordinary profit. This sale was part of the merger process which will unite the two companies on July 1. The new entity's name will be Toyota Motor Company.

Kirsh to challenge bid ruling

BY THOMAS SPARKS IN JOHANNESBURG

THE LEGAL wrangle over Kirsh Industries' partial bid for Greatermans, the retail chain which owns South Africa's largest supermarket chain, Checkers, is not over.

Mr Nathan Kirsh, the Kirsh Industries chairman, is to appeal against the recent Supreme Court decision which blocked the partial bid.

Kirsh had acquired 50 per cent of Greatermans' voting *shares held by Greatermans'* controlling company, Griffon Holdings, at R15 each. The intention was to bid for half the voting shares held by shareholders other than Griffon, to place a total value of R22.6m ($21m) on one-half of the total 3.02m voting shares.

This, however, was challenged in court by a holder of non-voting shares, Dawnlaan Investments, which claimed that the Johannesburg Stock Exchange could not sanction the partial bid because it did not treat both classes of shares equally. The Supreme Court agreed and ruled that the partial bid only for voting shares could not proceed.

In announcing the group's intention to appeal, Kirsh said that as it had not fully examined Greatermans' financial position, it was unwilling to commit the additional R21m which would have been necessary to bid for the non-voting shares, of which there are 2.63m in issue.

Additional and revised financial statements for Greatermans show major stock write-downs resulting in an operating loss before tax of R5.3m for the 13 weeks ended March 27 on turnover of R273m.

For the 39 weeks ended March 27, the total after-tax loss attributable to ordinary shareholders was R26.4m on *turnover of R878m.*

For the 26 weeks ended December 26 Greatermans had originally declared a net profit of R5.44m. Kirsh first revised this to R3.84m but yesterday revised it again to a loss of R4.1m.

Bleak year ahead for Japanese fibres

BY RICHARD C. HANSON IN TOKYO

JAPAN'S SYNTHETIC fibre makers were hit hard last year by a continued slump in demand for textiles. The outlook for the current year is being darkened by the prospect that exports, particularly to China, will fare poorly.

Toray Industries, the top synthetic fibre maker, reported net profits in the year ended March 31 down 12.9 per cent to Y10.73bn ($43.5m).

Overall sales were up 4.9 per cent to Y556.81bn. Plastics division sales (including video tape and films), however, jumped 22.2 per cent. Carbon fibre, though still a minor part of the company's business, was the best selling product.

The company forecasts a small rise in sales to Y590bn and nearly flat profits in the current year. Exports which current year. Exports, 27.5 per cent of sales, which were up 3.6 per cent last year, will be damaged this year by a decision in China to stop importing certain textiles.

Asahi Chemical Industry, a synthetic producer with a large, and severely depressed, petrochemical division, was hit even harder. Net profits for the year fell 21.4 per cent to Y10.77bn. Sales were down 0.6 per cent to Y592.41bn.

Unitika, which holds a leading share in nylon production, suffered a 90.3 per cent setback in net profit to Y86m. Sales fell slightly by 0.3 per cent to Y214.56bn.

Bond may sell major asset

By Our Financial Staff

BOND CORPORATION Holdings (BCH), the Australian energy, mining, brewing and property group, is discussing the sale of a "major asset."

The company told the Perth Stock Exchange yesterday that the talks follow an approach by a "major corporation."

"This sale would not only lead to a significant increase in the group's net tangible assets, but also a very substantial reduction in the group's borrowings," BCH said.

A likely candidate for sale, according to some stockbrokers in Sydney and Perth, is BCH's 14.8 per cent stake in Santos, the principal partner in the Cooper Basin petroleum liquids scheme in South Australia.

The project, which is being developed at a cost of more than A$1bn (US$1.06bn), is due to come on stream next year. BCH is also involved in the Cooper Basin through a 70 per cent stake in Reef Oil and a 51 per cent stake in Basin Oil.

BCH is currently making an offer for the minority holdings in both companies.

Senate to probe default

By David Lascelles in New York

HEARINGS ARE to be held in the Senate next Tuesday on this week's affair involving Drysdale Government Securities, the bond dealer which defaulted on nearly $200m of interest payments and threatened to disrupt the financial markets.

The hearings will be held by the Senate Securities Subcommittee which will hear reports from officials at the Federal Reserve, the Treasury and the Securities and Exchange Commission (SEC).

Separately the SEC is also investigating the affair although it has no jurisdiction over the government securities market.

Dome must pay back $1.8bn by year-end

BY ROBERT GIBBENS IN MONTREAL

DOME PETROLEUM, the Canadian energy group which earlier this week announced plans to sell off its U.S. oil and gas properties for between an estimated U.S.$500m and U.S.$750m, said yesterday that it had nearly C$1.5bn (U.S.$1.8bn) of debt due for repayment this year. The proceeds from any sales of non-Canadian energy assets would be used to pay off this debt.

In a carefully worded statement, issued in reply to a request from the Toronto Stock Exchange, the company said that some planned asset sales should be completed before the year-end.

Dome said its first quarter loss of C$25.7m (U.S.$21.7m) was partly because of reduction in both oil and natural gas liquids production — caused by weak markets. It was also because of continued heavy interest costs associated with its acquisition of Hudson's Bay Oil and Gas.

It expected improvements in these conditions over the rest of 1982. It also made clear that the first quarter results included cash flow after all preferred share dividends.

The company said its annual report for 1981, and reports on trading in the first quarter of this year would reach shareholders next week.

Dome has invested heavily over the past six years in a move, encouraged by the Federal Government, to become a major force in the development of Canada's energy resources, in particular those in the Beaufort Sea.

It recently tried to stave of cash pressures by selling C$1.4bn of assets acquired with the purchase of Hudson's Bay Oil and Gas. Dome also sold a 50 per cent stake in its Beaufort Sea fleet for C$200m.

Cast hopes to postpone S. Korean ship payments

BY ANDREW FISHER, SHIPPING CORRESPONDENT

CAST, THE Canadian-controlled shipping group which recently obtained a major rescue package, is talking with South Korean shipbuilders about deferring payments on three large ships still to be completed.

Mr Frank Narby, the head of Cast, said yesterday that he hoped for a satisfactory outcome in Korea in the near future.

He was speaking at the opening of a £5.3m ($9.4m) container terminal at Ipswich, which will provide a relay service to Antwerp, the company's major European port.

Last month, the Swiss-based Cast agreed a rescue package of nearly £200m with banks and shareholders, including the sale and leaseback for $102m of three new container bulk carriers to Royal Bank of Canada.

The continuing talks with Korea concerned three 150,000 deadweight ton ore bulk oil carriers costing a total of $175m. Two are being built by Hyundai and one by Daewoo.

Cast wants to extend the long-term financing beyond eight years at the request of its bank. Also involved in the talks is Korea's Export-Import Bank.

Mr Narby, owner of 61 per cent of Cast's parent company, Euro-Canadian Shipholdings, said container volume across the North Atlantic had been picking up.

Cast had been carrying an annual 120,000 container units per year, but had dropped to about half this during the period of the company's financial problems. It was now substantially above 60,000 container units, the company said.

Mr Narby added that Cast was talking seriously with shipping conferences — rate-setting associations of shipping lines on North Atlantic routes — but he declined to elaborate. Cast is a non-conference operator.

Cockerill in talks with European steelmakers

By James Buchan in Bonn

COCKERILL SAMBRE, Belgium's largest and oldest steel manufacturer, is putting feelers out to other European steelmakers for possible co-operation agreements to replace excess or obsolete capacity in Belgium.

Among the concerns known to have been approached are Estel, the transnational Dutch-West German steel group now on the point of dissolution, and Kloeckner Werke, the West German steelmaker.

Mr Jan Hooglandt, joint chief executive of Estel and head of its Dutch element, Hoogovens, made clear earlier this week that Hoogovens would be interested in some form of co-operation agreement once the break-up of the 10-year Estel arrangement is completed, probably this year.

Hoogovens contributed to Estel a modern steel works on the Dutch coast while steel finishing was handled by the West German arm, Hoesch-Werke, in the Ruhr.

Hoesch pointed out yesterday that although talks with Cockerill had been proceeding, there would be little logic for a Hoesch-Cockerill agreement now that the Dortmund company was planning a major fusion with Krupp Stahl.

The smaller German concern, Kloeckner Werke, announced recently that it had been tentatively approached by Cockerill to take over the manufacture of some hot rolled coil from Cockerill units in the Charleroi area. Kloeckner is known to be interested in increasing the low level of capacity use at its Bremen steel unit, kept down to about 50 per cent by the European quota system.

Metals fall in spite of Falklands crisis

BY OUR COMMODITIES STAFF

YESTERDAY'S escalation of the Falklands Islands crisis brought a surprising reaction on the London metal markets—prices fell. The decline was led by gold. The bullion market spot price closed $4.25 down at $338 a troy ounce after reaching $344 earlier in the day. On the London gold futures market the August position ended £4.80 lower at £192.65 a troy ounce after trading at a high of £197.

There was a similar story in the base metal markets. The cash price of higher-grade copper lost £7 to £832 a tonne, £26 down on a week ago.

Copper was under pressure throughout the week. A hefty rise in warehouse stocks taking total holdings to the highest levels for nearly two years offset the impact of the continuing strike at Noranda's giant Canadian Copper Refinery by emphasising that available supplies are more than adequate at present. In addition a decline in the New York copper market (Comex) brought a spate of reductions in U.S. domestic selling prices for copper, with most producers cutting their quotations by 2 cents to 75 cents a pound.

Sustained support buying by the buffer stock of the International Tin Council was required to prevent a decline in tin prices. Nevertheless, the cash price for standard grade tin on the Metal Exchange ended the week £116.5 down at £6,988.5 a tonne falling below £7,000 for the first time since March.

In addition the Straits tin price in Penang dipped on Thursday by 0.14 cents to $24.40 a kilo.

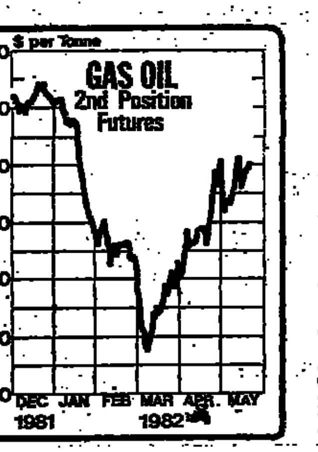
The International Sugar Organisation confirmed yesterday the extension of the International Sugar Agreement for two years until the end of 1984. But since it was also agreed to "freeze" basic export quotas at the 1982 level of 19.44m tonnes, well above present world market demand, the Agreement is likely to continue having little effect on price levels. However, the ISO executive committee did agree to accumulate a further 1.5m tonnes of special reserve stocks (of surplus sugar) by the end of 1983 on top of the 1m stocks due to be built up by the middle of this year.

Meanwhile sugar exporting countries have asked the U.S. to discuss its decision to impose import quotas at a meeting next month.

The London daily price for raw sugar rose this week by £3 to £109 a tonne, but trading activity was subdued and prices *remain under pressure.*

Natural rubber producing countries at an emergency meeting in Kuala Lumpur this week agreed to put forward a proposal to hold back 350,000 tonnes of rubber from the market over a six-month period as a way of stabilising prices. This would be in addition to the purchases of over 100,000 tonnes by the buffer stock of International Natural Rubber Organisation, which has failed to lift prices. Holding back stocks may include "tapping" holidays, higher national stock holdings and a ban on yield stimulation and accelerated replanting.

However, the plan is still only a proposal which is to be put by the executive committee of the Association of Natural Rubber Producing Countries to members for approval by not later than the first week of July.



WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1982 High	1982 Low
METALS					
Aluminium	£810/815	—	£810/815	£810/815	£810/815
Free Markets c.i.f.	$985/1015	—	$1295/325	$1120/150	$955/985
Antimony					
Free Market 99.6%	$2300/2350	—	$2850/3000	$2450/550	$2125/225
Copper-Cash High Grade	£832	-26	£831.75	£875	£821.5
3 months Do. Do.	£851.25	-25	£855.75	£903.75	£849.75
Cash Cathodes	£823	-27.5	£826.75	£871	£820
3 months Do.	£851.5	-27	£844.5	£898.5	£848
Gold per oz	$338	+2.875	$473.5	$405.5	$315
Lead Cash §	£316.25	-1	£331.25	£366.5	£310.5
3 months §	£328.25	-2	£341.5	£377.25	£323.75
Nickel	£3974	—	£3,504.5	£3974	£3757.75
Free Markets c.i.f. lb	239/269c	—	295/305c	265/295c	250/260c
Platinum per oz	£250	—	£230	£260	£260
Free Market per oz	£174.55	+1.55	£219	£201.60	£168.30
Quicksilver (76 lbs)	$360/375	-9.30	$420/430	$415/420	$350/360
Silver per oz	373.60p	+7.40	516.30p	467.85p	352.20p
3 months per oz	385.70p	+8.00	531.30p	483.15p	373.60p
Tin cash	£6998	-116.5	£6155	£8985	£6845
3 months	£7113.5	-26.5	£6275.5	£8132.5	£6945
Tungsten Ind	$106.98	—	$143.75	$134.48	$106.98
Wolfram (22.04 lb.)	$106/110	—	$143/146	$128/132	$102/107
Zinc cash	£417.75	+5.00	£387/390	£463.75	£403.5
3 months	£425.375	+6.875	£400.25	£469.25	£409
Producers	$850/900	—	$925	$950	$850/900
GRAINS					
Barley Futures	£105.05z	+0.20	£95.70	£111.60	£102.50
Maize French	‡	—	£126.75	£137.50	£131.50
WHEAT Futures	£122.95t	-0.25	£101.65	£124.40	£111.70
Hard Winter Wheat	‡	—	£104.75	£118.75	£115.00
SPICES					
Cloves (g)	$5,500n	—	$4,650	$6,600	$5,400
Pepper, white	$1,800w	—	$2,125	$2,000	$1,800
" black	$1,325w	—	$1,400	$1,475	$1,300
OILS					
Coconut (Philippines)	$500v	—	$570	$560	$475
Groundnut 5%	‡	—	‡	$715	$620
Linseed, Crude	‡	—	£425	£430	£425
Palm Malayan	$517.5	+10.0	$610	$545	$490
SEEDS					
Copra (Philippines)	$335v	+5	$395	$355	$325
Soyabeans (U.S.)	$275.75u	-1.25	$308	$277	$253
OTHER COMMODITIES					
Cocoa Shipments §	£971.5	-14.0	£981	£1,276	£968
Cocoa Futures July	£941.5	-14.0	£890.5	£1,225.5	£919.5
Coffee Futures July	£1,135.5	-7.0	£967	£1,353.5	£1,104.5
Cotton Index	76.50c	+0.45	87.65c	77.80c	67.80c
Des. Coconut	$500	—	$660	$540	$500
Gas Oil Fut. June	$301.00	-0.25	$277-75	$323	$235.25
Jute LJ ABW C grade	$270n	—	$214	$270	$263
Rubber kilo	54.50p	-0.25	56p	58.75p	43p
Sago Pearl	$248v	—	$215	$245	$220
Sisal No. 3	$640/650n	—	$730	$640/650	$640
Sugar (Raw)	£109yt	+3	£192	£177	£105
Tapioca No. 1	£240v	—	£215	£240	£215
Tea (quality) kilo	132p	—	123p	126p	117p
(plain) kilo	78p	—	77p	80p	78p
Wooltops, 64s Warp	397p kilo	-1	338p kilo	402p kilo	375p kilo

‡ Unquoted. (g) Madagascar. (t) July. (u) June. (z) Sept. (v) May-June. (y) Aug-Sept. * Nominal. § Ghana cocoa. (e) June-July. (w) May-Dec.

INDICES

FINANCIAL TIMES

May 20	May 19	Month ago	Year ago
242.12	239.20	244.02	253.10

(Base: July 1 1952=100)

MOODY'S

May 20	May 19	Month ago	Year ago
1006.4	1004.5	997.2	1079.4

(December 31 1931=100)

DOW JONES

Dow Jones	May 20	May 19	Month ago	Year ago
Spot	126.47	126.32	125.59	—
Futr's	128.12	127.91	129.70	—

(Base: December 31 1974=100)

REUTERS

May 21	May 20	M'nth ago	Year ago
1564.8	1569.3	1598.7	1699.2

(Base: September 18 1931=100)

BASE METALS

BASE-METAL PRICES were lower on the London Metal Exchange, reflecting the rise in sterling coupled with general selling. COPPER drifted to £855 before closing at £862.5 while LEAD fell away to £329.5 and ZINC to £425. ALUMINIUM was steady around £561 and NICKEL closed at £2,945. Speculative and trade selling of both cash and forward TIN left the latter at £7,115 and the former at £7,000.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
HighGr'de				
Cash	830-.5	-.75	831.5-2.5	-7
3 mths	859.5-60	-.75	851-.5	-7
Settlem't	830.5	-1	—	......
Cathodes				
Cash	821-2	-.5	822-4	-6.5
3 months	850	-1	851-2	-7.25
Settlem't	822	-1	—	......
U.S. Prod.	—	—	*76-81	......

Amalgamated Metal Trading reported that in the morning cash Higher Grade traded at £831.00, 30.00, 30.50, three months £863.00, 62.50, 62.00, 61.50, 61.00, 60.00, 59.00, 60.00, 59.50. Cathodes, three months £850.00. Kerb: Higher Grade, three months £860.00, 59.50, 60.00, 60.50. Afternoon: Higher Grade, three months £859.00, 59.50, 60.00, 59.50, 59.00, 58.50, 60.00, 60.50, 61.00, 61.50. Kerb: Higher Grade, three months £862.00, 63.00, 63.50, 63.00, 62.50. Turnover: 21,000 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grade	£	£	£	£
Cash	7000-5	-25	6997-7000	-26.5
3 months	7112-5	-26.5	7112-5	-26.5
Settlem't	7005	-25	—	......
Standard				
Cash	7000-5	-25	6997-7000	-26.5
3 months	7112-5	-26.5	7112-5	-25.5
Settlem't	7005	-25	—	......
Straits E.	$29.40	-0.14	—	......
NewYork	—		—	

TIN—Morning: Standard, cash £7,005, 7,000, three months £7,110, 20, 25, 40, 30, 20, 10, 12. Kerb: Standard, cash £7,005, three months £7,105, 10, 15. Afternoon: Standard: Cash £7,005, 7,000, three months £7,110, 15, 12, 10, 15. Kerb: Standard, three months £7,115, 20, 15. Turnover: 1,790 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	321-.5	-3.5	316-.5	-7
3 months	333.5-4	-5	328-.5	-7.5
Settlem't	321.5	-3.5	—	......
U.S. Spot	—	—	*26-8	......

LEAD—Morning: Cash £321.50, 21.00, three months £334.00, 33.50, 33.00, 33.50, 34.00, 33.50. Kerb: Three months £333.50. Afternoon: Cash £316.50, three months £333.00, 32.50, 30.00, 29.50, 29.00, 28.50. Kerb: Three months £328.50, 29.00, 29.50, 29.00. Turnover: 7,625 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	417.25-.5	-.375	417.5-8	-.25
3 months	424.5-5	-1	425.25-.5	-.5
S'ment	417.5	-.5	—	......
Primw'ts	—	—	*35-37.75	......

ZINC—Morning: Cash £417.00, 17.25, three months £425.00, 26.00, 25.00, 24.50. Kerb: Three months £424.50. Afternoon: Three months £424.00, 24.50, 25.00, 25.25. Kerb: Three months £426.00, 25.50, 25.00. Turnover: 6,800 tonnes.

ALUMINIUM—Morning: Cash £538.00, three months £559.00, 58.00. Kerb: Three months £559.00. Afternoon: Three months £558.00, 59.00, 58.50-59.00. Kerb: three months £559.00, 59.50, 60.00. Turnover: 8,600 tonnes.

Aluminm	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Spot	537.5-8	+1	537-8	-3
3 months	558.5-9	......	558-.5	-4

NICKEL—Morning: Three months £2,930, 40, 50, 60. Afternoon: Three months £2,925. Turnover: 462 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unofficial	+ or —†
Spot	2880-90	+30	2870-80	-20
3 months	2940-50	+22.5	2930-40	-27.5

* Cents per pound. ‡ MS per kilo. † On previous official close.

SILVER

Silver was fixed 3.6p an ounce lower for spot delivery in the London bullion market yesterday at 373.6p. U.S. cent equivalents of the fixing levels were: spot 670c, down 1c; three-month 693.6c, down 1.4c; six-month 717.5c, down 1.5c; and 12-month 766.6c, down 2.2c. The metal opened at 378-381p (675-679c) and closed at 370-373p (666-670c).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	373.60p	-3.60	372.50p	-4.25
3 months	385.70p	-3.80	384.50p	-4.25
6 months	398.05p	-3.60	—	......
12months	423.90p	-3.30	—	......

LME—Turnover 80 (61) lots of 10,000 ozs. Morning: Three months 386.0, 86.3, 86.5. Kerbs: Three months 386.8. Afternoon: Three months 385.0. Kerbs: Untraded.

COCOA

COCOA	Yest'day's Close	+ or —	Business Done
May	913-14	—	915-10
July	941-48	+1.0	944-38
Sept.	967-68	+1.5	970-66
Dec.	1007-08	+1.5	1009-04
March	1039-40	+3.0	1041-37
May	1062-64	+3.0	1064-60
July	1083-90	+4.0	—

Sales: 1,755 (1,470) lots of 10 tonnes. ICCO—Daily price for May 21: 76.14 (75.07). Indicator price for May 24: 76.27 (76.73).

COFFEE

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
May	1138-40	+26.0	1138-08
July	1135-36	+24.0	1139-08
Sept.	1091-93	+10.5	1095-78
Nov.	1073-75	+6.00	1074-66
January	1065-68	+3.50	1069-61
March	1058-60	+9.00	1060-54
May	1040-58	+4.00	—

Sales: 2,402 (3,203) lots of 5 tonnes. ICO Indicator prices for May 20: (U.S. cents per pound): Comp. daily 1979 116.24 (117.77): 15-day average 121.21 (121.70).

GAS OIL FUTURES

The market was quiet for much of the day, trading steadily throughout the morning. A fall in prices was short-lived and the market recovered on the opening of New York to close around the highs, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
May	307.75	+2.25	307.75-07.00
June	301.00	+1.75	302.50-99.00
July	296.75	+3.25	297.00-94.00
August	297.00	+3.75	297.00-94.50
Sept.	297.00	+3.75	297.00-95.25
Oct.	298.25	+2.00	298.50-96.50
Nov.	299.75	+1.75	—
Dec.	302.50	+1.50	—
Jan.	304.00	+0.50	—

Turnover: 1,229 (807) lots of 100 tonnes.

POTATOES

LONDON POTATO FUTURES—After quiet market staying fairly steady for most of the day, prices fell heavily towards the close, especially on the forward positions, reports Coley and Harper. Closing prices: Nov 64.50 −0.40 42 (high 65.20, low 64.50); Feb 73.40 −1.10 13 (high 73.90, low 73.40); April 83.60 −2.30 67 (high 86.00, low 83.00); May 95.50 −1.50 49 (high 98.00, low 95.50). Turnover: 171 (148) lots of 40 tonnes.

GRAINS

Business done—Wheat: May 120.85, 119.95, July 123.30-122.70, Sept 109.85-109.55, Nov 113.35-113.25, Jan 117.20-117.10, Mar 120.80 only. Sales: 198 lots of 100 tonnes. Barley: May 111.25-110.20; Sept 105.10-104.95, Nov 108.65-108.50, Jan 112.45-112.30, Mar 115.90-115.75. Sales: lots of 100 tonnes.

	WHEAT		BARLEY	
Mnth	Yesterd'ys close	+ or —	Yest'rd'ys close	+ or —
May	120.25	-0.25	110.65	-1.10
July	122.95	-0.95	—	—
Sept.	109.85	+0.40	105.05	+0.20
Nov.	113.30	+0.10	108.55	+0.20
Jan.	117.20	+0.10	112.45	+0.15
Mar.	120.80	+0.05	115.85	+0.20

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No 1 14 per cent May 112, June 11.75, July 110.50 transhipment East Coast sellers. English Feed fob Sept 113, Oct/Dec 117 East Coast sellers. Maize: French May 136.25 transhipment East Coast seller. S. African White/Yellow Oct/Dec 88. Barley: English Feed fob and July/early Aug 106.50, Sept 108.50 East Coast sellers.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 113.40; E. Mids 112.00; N. East 1112.30; Scotland 114.30. The UK Monetary Coefficient for the week beginning Monday May 24 will remain unchanged.

RUBBER

The London physical market opened slightly easier, attracted little interest throughout the day, closing quiet. Lewis and Peat recorded a May fob price for No. 1 RSS in Kuala Lumpur of 205.75 (206.75) cents a kg and SMR 20 178.5 (179.5).

No. 1 R.S.S.	Yest'r'ys close	Previous close	Business Done
June	55.00-55.20	55.20-56.00	—
July	56.10-56.40	56.50-56.40	—
Jly-Sept	56.20-56.40	56.60-56.70	56.50
Oct-Dec	57.50-57.60	57.70-57.80	57.80-55.80
Jan-Mar	58.40-59.60	59.70-59.80	59.60-58.80
Apl-Jne	61.30-61.40	61.60-61.70	61.50-61.20
Jly-Sept	66.10-65.20	65.40-65.60	65.10
Oct-Dec	64.90-65.00	65.30-65.40	65.20-64.90
J'n-Mch	66.60-66.80	66.90-67.00	66.90-66.50

Sales: 257 (180) lots of 15 tonnes, — (8) lots of 5 tonnes.

Physical closing prices (buyers) were: Spot 54.50p (55.00p); June 53.00p (52.25p); July 53.25p (same).

SOYABEAN MEAL

The market opened weaker on stronger sterling, reports T. G. Roddick. Prices found commercial support at lower levels.

	Yesterdys Close	+ or —	Business Done
	£ per tonne		
June	135.50-36.5	-1.10	135.00
August	135.50-35.8	-0.70	135.50-35.00
October	136.00-36.7	-0.40	137.50-36.50
Dec.	139.00-38.9	-1.20	140.50-38.50
Feb.	142.50-45.5	-1.25	143.00
April	143.50-45.0	-0.25	—

Sales: 94 (181) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar £109.00 (£111.00) a tonne cif May-June-July shipment. White sugar daily price £142.00 (same).

No. 4 Contract	Yesterday close	Previous close	Business done
	£ per tonne		
Aug.	118.25-18.40	117.50-17.75	118.75-17.00
Oct.	123.50-23.70	122.75-23.00	123.75-22.25
Jan.	128.50-28.95	127.50-27.50	—
March	138.75-37.00	135.50-35.00	137.00-35.25
May	140.00-40.25	138.75-39.25	140.25-38.75
Aug.	143.00-45.25	142.00-44.00	—
Oct.	146.00-50.00	146.00-48.50	—

Sales: 897 (1,996) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis white sugar was £374.00 (same) a tonne fob for home trade and £214.50 (£217.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean ports. Prices for May 20: Daily price — (7.78); 15-day average — (8.34).

GOLD MARKETS

Gold fell $4¼ an ounce from Thursday's close in the London bullion market yesterday to finish at $337½-338½. This was some way below the best level of $343¾-344½ which was seen early in the day and the weaker trend reflected a lack of interest in the metal despite increased fighting on and around the Falkland Islands.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
August	192.60-92.70	-4.800	197.00-96.90
Sept'mb'r	194.45-94.70	-4.750	—
October	196.60-96.70	-4.625	200.10-96.15
November	198.65-98.79	-4.525	202.00-91.70

Turnover: 897 (437) lots of 100 troy ozs.

	May 21		May 20	
Gold Bullion (fine ounce)				
Close	$337½-338½	(£187¾-188¼)	$341¾-342¾	(£192-192½)
Opening	$343¾-344½	(£192½-193)	$340½-341¼	(£190¾-191¼)
Morning fixing	$343.25	(£191.226)	$341.50	(£190.974)
Afternoon fixing	$338.50	(£188.370)	$342.50	(£192.308)
Gold Coins				
Krugerrand	$348¼-349	(£193-194	$352½-353¼	(£198-198½)
1/2 Krugerrand	$179½-180½	(£99¾-101½)	$181¾-182¾	(£102-102¾)
1/4 Krugerrand	$91¼-92¼	(£50¾-51¼)	$92½-93¼	(£52-52½)
1/10 Krugerrand	$37¼-38¼	(£20¾-21¼)	$37¾-38¾	(£21¼-21¾)
Mapleleaf	$347-348	(£193-193½)	$352-353	(£197¾-198¼)
New Sovereigns	$81¾-82¼	(£45½-45¾)	$82½-83	(£46¼-46¾)
King Sovereigns	$95-96	(£53-53½)	$96-97	(£54-54½)
Victoria Sovs	$95-96	(£53-53½)	$96-97	(£54-54½)
French 20s	$70-80	(£39-44½)	$68¾-78¾	(£38½-44¼)
50 pesos Mexico	$413½-416	(£230-231¼)	$419¾-422¼	(£235¾-237¼)
100 Cor. Austria	$328¼-330¾	(£182½-184)	$332½-335¼	(£186½-188¼)
$20 Eagles	$432-438	(£240¼-243½)	$432-438	(£242¾-246)

AMERICAN MARKETS

NEW YORK, May 21

Precious metals were under pressure on disappointed selling based on the lack of reaction to the Falkland Island crisis. Copper rallied on arbitrage buying and profit-taking. Sugar, cocoa and coffee strengthened on short covering ahead of the weekend. Heating oil advanced on the likelihood that Opec will keep production ceilings intact until June which triggered buy stops. Maize strengthened on news of Soviet buying interest, while wheat came under new crop hedge selling pressure. Livestock markets were stronger in anticipation of good cash hog news, reported Heinold.

Potatoes (round whites)—Nov 77.5-78.0 (77.6), Feb 87.0 (87.0), March 89.5, April 103.4-104.6. Sales: 123.

Tin—575.00-577.00 (571.00-574.00).

CHICAGO, May 21

Lard Chicago loose 23.00 (same).

Live Cattle—June 72.40-72.30 (72.10), Aug 66.75-66.80 (66.62), Oct 63.95-63.80, Dec 63.95-63.87, Feb 63.50, April 63.75, June 64.60.

Live Hogs—June 62.47-62.35 (61.92), July 61.80-61.95 (61.55), Aug 60.65-60.70, Oct 57.25-57.30, Dec 57.30-57.40, Feb 54.00, April 50.67, June 51.42, July 51.85.

‡‡Maize—July 281-281½ (281¼), Sept 282¾-283 (283), Dec 285¾-286, March 298¾-299, July 315.

Pork Bellies—May 85.55-84.32 (86.70), July 84.50-84.75 (84.40), Aug 82.55-82.40, Feb 75.60-75.85, March 76.25, May 76.50, July 76.77, Aug 74.75.

†Soyabeans—July 672½-671½ (672¼), Aug 676¼-676 (676½), Sept 676¾-677, Nov 681¼-681, Jan 693½-694, March 709½, May 721.

‖Soyabean Meal—July 191.2-191.0 (191.6), Aug 192.7-192.3 (192.7), Sept 193.5, Oct 194.5, Dec 198.2-198.0, Jan 200.2-199.8, March 205.0-205.5.

Soyabean Oil—July 21.28-21.29 (21.19), Aug 21.51-21.51 (21.42), Sept 21.68, Oct 21.85-21.80, Dec 22.20-22.15, Jan 22.38, March 22.65-22.70.

†Wheat—July 360-360½ (365¼), Sept 375½-375 (380¾), Dec 396¾-396, March 412-411, July 417.

Copper—May 68.25 (67.40), June 68.45 (67.65), July 69.40-69.50, Sept 71.10-71.25, Dec 73.70-73.80, Jan 74.55, March 76.10, May 77.70, July 79.30, Sept 80.85, Dec 83.25, Jan 84.00, March 85.55.

*Gold—May 336.4 (343.0), June 336.5-337.5 (344.0), July 340.8, Aug 344.0-344.5, Oct 351.0, Dec 357.0-358.5, Feb 365.3, April 373.8, June 381.5, Aug 389.3, Oct 397.2, Dec 405.2, Feb 413.3.

Sugar—No. 11: July 8.23-8.25 (8.02), Sept 8.59-8.60 (8.35), Oct 8.77-8.79, Jan 9.13, March 9.92-9.95, May 10.20, July 10.37-10.43, Sept 10.50-10.60.

¶Silver—May 671.0 (674.5), June 672.7 (676.2), July 680.0-681.0, Sept 697.0, Dec 720.5-722.5, Jan 730.5-731.5, March 746.1, May 762.6, July 779.1, Sept 795.6, Dec 820.4, Jan 828.6, March 845.1. Handy and Harman bullion spot: 669.50 (670.50).

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lb). § $Can. per metric ton. §§ $ per 1,000 sq ft. ‡ Cents per dozen. †† $ per metric ton.

Thursday's closing prices

NEW YORK, May 20.

††Cocoa—July 1527 (1548), Sept 1580 (1593), Dec 1642, March 1700, May 1750, July 1783. Sales: 1,150.

Coffee—"C" Contract: July 122.60-122.75 (122.46), Sept 116.75-117.00 (115.93), Dec 114.10-114.40, March 111.25-111.70, May 109.75-111.00.

Cotton—No. 2: July 67.31-67.38 (66.87), Oct 70.15 (69.77), Dec 71.60-71.70, March 73.42, May 74.55-74.75, July 75.55-75.75, Oct 76.55-77.00. Sales: 4,300.

Orange Juice — July 117.10-117.30 (121.05), Sept 120.10-120.30 (123.95), Nov 122.00-122.05, Jan 123.40-123.55, March 124.70-125.00, May 126.05-126.40, July 127.40-127.80, Sept 128.65-129.10. Sales: 1,500.

CHICAGO, May 20.

Chicago Imm Gold—June 344.0-343.8 (341.9), Sept 355.0-354.0 (353.0), Dec 365.5, March 377.3, June 389.0, Sept 401.0.

EUROPEAN MARKETS

Maize—(U.S. $ per tonne): U.S. No 3 Yellow afloat 133.50, May 133.50, June 132.50, July 132.50, Aug 132, Sept 131.50, Oct/Dec 131, Jan/Mar 138 sellers.

ROTTERDAM, May 21.

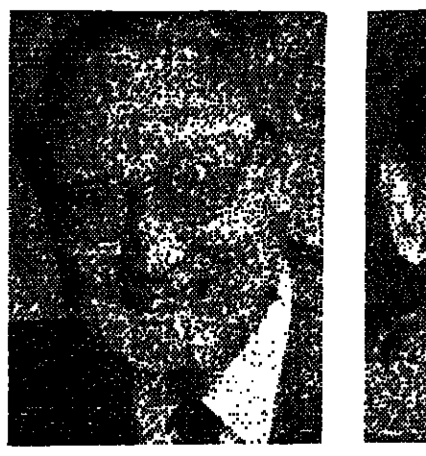
Wheat (U.S. $ per tonne). U.S. No 2 Dark Hard Winter 13.5 per cent spot cif Ghent 201.50. U.S. No 2 Red Winter May 159. U.S. No 3 Amber Durum May 183, June 184, July 185, Aug 187, Sept 190, Oct 192, Nov 194. U.S. No 2 Northern Spring 14 per cent May 185, June 183, July 180, Aug 180, Sept 182, Oct 185, Nov 187. Canadian Western Red Spring June 203, July 204, Aug 203, Sept 204.

★

SOYABEAN OIL—The market opened US$2 higher on a weaker dollar and closed steady in quiet trade. Closing prices (US$ per tonne): June 538.50-538.50, Aug 533.50-532.50, Oct 535.50-534.00, Dec 536.00-535.00. Turnover: 29 (69).

APPOINTMENTS

Senior posts in Thorn EMI group



Mr Geoffrey Hough

Mr John Payton

Mr Geoffrey P. Hough has been appointed managing director of THORN EMI AUTOMATION, Rugeley, Staffordshire, following the retirement of the previous managing director **Mr James Protheroe**. Mr Hough has joined THORN EMI from the Phicom Group, where he was managing director of Imhof Bedco Standard Products of Uxbridge.

Mr John G. Payton has been appointed managing director of THORN EMI ELECTRICAL COMPONENTS, Enfield, Middlesex. Mr Payton has joined the company from Forward Technology Industries, where he was managing director of Cosmocord. Mr Payton's appointment enables Mr James Jackson, who has been responsible for the electrical components company to concentrate his attention on THORN EMI Brimar, where, in parallel, he has been director and general manager (operations).

★

The Trade Secretary has appointed **Sir Kenneth Selby** chairman of the AIR TRAVEL RESERVE FUND AGENCY for a further period of two years from May 23. Sir Kenneth is chairman and managing director of the Bath and Portland Group.

★

On June 1 **Mr M. R. Blow**, will be appointed chief executive of UNERMAN HOLDINGS, a wholly-owned subsidiary of Donald Macpherson Group. Since 1978 Mr Blow has been group finance director of Donald Macpherson Group and he will remain on the group board. From July 1 **Mr J. R. Colson** will assume the title of group finance director, and will be joining the group board.

★

Mr Roger Martin Wilcock has been appointed managing director of YATES BROTHERS. Mr Wilcock was managing director of Leech Leisure, a subsidiary of Leech Homes, at Newcastle upon Tyne.

★

Mr Philip G. Bloodworth has been appointed an executive director of CHEMICAL BANK INTERNATIONAL, London-based merchant banking arm of Chemical Bank.

★

CHASE MANHATTAN LTD, London-based merchant banking arm of The Chase Manhattan Bank has made the following appointments: **Mr Robert Opiat** is promoted from executive director, Orion Royal Bank to executive director responsible for project finance. **Mr John Oakes** moves from Wood Gundy to manager, corporate finance group. **Mr Janin Campos**, Midland Bank, becomes assistant manager corporate finance group and **Ms Sarah Hudson** is appointed assistant manager corporate finance group.

★

Mr T. R. Simmons has been appointed managing director of PITFIELD MACKAY ROSS (LONDON), the UK subsidiary of Pitfield Mackay Ross, Canada, from June 1.

★

Mr Bruce Clark, general manager, has been appointed to the board of NORBAIN ELECTRONICS.

★

Mr Tony Robinson has taken over as managing director of the HOSKYNS GROUP. His predecessor **Mr Jim Feeney** has left to pursue other business interests. Mr Robinson joined Hoskyns in 1967 and for some years has been managing director of Hoskyns Systems.

★

The Environment Secretary has appointed **Sir Wilfred Burns**, as a member of the LOCAL GOVERNMENT BOUNDARY COMMISSION for England from August 2. Sir Wilfred Burns is retiring on June 30 as deputy secretary and chief planner, DOE. He will be succeeded by **Mr John Delafons**, deputy chief executive I in the Property Services Agency.

★

In preparation for his appointment as chief executive of REED INTERNATIONAL, **Mr L. A. Carpenter** has resigned as chairman of the BERROWS ORGANISATION and **Mr Philip Harris** has been appointed executive chairman of that company from June 7. **Mr R. Morris** joins the board of Berrows.

★

Mr A. J. Trower has been appointed director and general manager of FAIREY CONSTRUCTION, a subsidiary formed by Fairey Engineering to specialise in the site construction of complex engineering projects such as nuclear plants or other types of power stations. **Mr John V. Parsons** will combine the responsibility of chairman of Fairey Construction with that of managing director of Fairey Engineering. The main board directors of Fairey Engineering will serve on the board of its new subsidiary and will include **Lord Gregson**, an executive director of Fairey Holdings, **Mr R. L. Kemp Harper**, **Mr V. Haworth** and **Mr B. R. Moody**.

★

REINSURANCE CORPORATION OF GUERNSEY has appointed **Mr Peter R. Walpole** as general manager of the INSURANCE CORPORATION OF THE CHANNEL ISLANDS, a new direct writing insurer based in St Peter Port, Guernsey. Mr Walpole is also appointed underwriting manager of the Reinsurance Corporation of Guernsey. Mr Walpole was a director of Risk Management Guernsey.

★

DOBSON PARK INDUSTRIES has appointed **Mr Frank Tilston** a group board director and chairman of the engineering division. a group board director and chair- He was divisional managing director of Armstrong Equipment.

★

Mr Alan F. Harries has been appointed a director of BRANTFORD INTERNATIONAL, freight forwarding subsidiary of the Furness Withy Group. He remains company secretary.

★

Sir Geoffrey Allen, head of research, and **Mr J. A. Houtzager** have been elected directors of UNILEVER PLC and UNILEVER NV. Mr Houtzager, previously a member of the Unilever management committee looking after overseas subsidiaries, will now be co-ordinator of the margarine and edible fats business of Unilever.

★

Mr David Cooper has been appointed full-time commercial director of RESEARCH INTERNATIONAL from June 1. Mr Cooper was commercial director of one of Research International's UK operating companies, RESEARCH BUREAU LTD (RBL). He is succeeded at RBL by **Mr John Dutton**, who joins the group from Austin Packaging.

★

McLEAN HOMES MIDLAND of Willenhall, has appointed **Mr Denis Meakin** developments director.

★

Mr Peter Llewellyn has been appointed director of the NATIONAL BEDDING FEDERATION. He succeeds **Mr Kenneth Reid**, who has retaired.

★

Mr A. D. Hurst Brown has been appointed a director of the HAMBROS INVESTMENT TRUST.

BASE LENDING RATES

A.B.N. Bank	13 %
Allied Irish Bank	13 %
American Express Bk.	13 %
Amro Bank	13 %
Henry Ansbacher	13 %
Arbuthnot Latham	13 %
Associates Cap. Corp.	13 %
Banco de Bilbao	13 %
BCCI	13 %
Bank Hapoalim BM	13 %
Bank Leumi (UK) plc	13 %
Bank of Cyprus	13 %
Bank Street Sec. Ltd.	14 %
Bank of N.S.W.	13 %
Banque Belge Ltd.	13 %
Banque du Rhone et de la Tamise S.A.	13½ %
Barclays Bank	13 %
Beneficial Trust Ltd.	14 %
Bremar Holdings Ltd.	14 %
Brit. Bank of Mid. East	13 %
■ Brown Shipley	13 %
Canada Perm't Trust	13½ %
Castle Court Trust Ltd.	13½ %
Cavendish G'ty T'st Ltd.	14 %
Cayzer Ltd.	13 %
Cedar Holdings	13 %
■ Charterhouse Japhet	13 %
Choulartons	13½ %
Citibank Savings	‖12¾ %
Clydesdale Bank	13 %
C. E. Coates	14 %
Comm Bk of Near East	13 %
Consolidated Credits	13 %
Co-operative Bank	*13 %
Corinthian Secs.	13 %
The Cyprus Popular Bk.	13 %
Duncan Lawrie	13 %
Eagil Trust	13 %
E.T. Trust	13 %
Exeter Trust Ltd.	14 %
First Nat. Fin. Corp.	15½ %
First Nat. Secs. Ltd.	15½ %
Robert Fraser	14 %
Grindlays Bank	‡13 %
■ Guinness Mahon	13 %
■ Hambros Bank	13 %
Heritage & Gen. Trust	13 %
■ Hill Samuel	§13 %
C. Hoare & Co.	†13 %
Hongkong & Shanghai	13 %
Kingsnorth Trust Ltd.	14 %
Knowsley & Co. Ltd.	13½ %
Lloyds Bank	13 %
Mallinhall Limited	13 %
Edward Manson & Co.	14 %
Midland Bank	13 %
■ Samuel Montagu	13 %
■ Morgan Grenfell	13 %
National Westminster	13 %
Norwich General Trust	13 %
P. S. Refson & Co.	13 %
Roxburghe Guarantee	13½ %
E. S. Schwab	13 %
Slavenburg's Bank	13 %
Standard Chartered	‖13 %
Trade Dev. Bank	13 %
Trustee Savings Bank	13 %
TCB Ltd.	13 %
United Bank of Kuwait	13 %
Whiteaway Laidlaw	13½ %
Williams & Glyn's	13 %
Wintrust Secs. Ltd.	13 %
Yorkshire Bank	13 %

■ Members of the Accepting Houses Committee.

* 7-day deposits 10%; 1-month 10.25%. Short term £8,000/12 month 12.6%.

† 7-day deposits on sums of: under £10,000 10¼%, £10,000 up to £50,000 11%, £50,000 and over 11½%.

‡ Call deposits £1,000 and over 10%.

‖ 21 day deposits over £1,000 11¼%.

§ Demand deposits 10¼%.

¶ Mortgage base rate.

EUROPEAN OPTIONS EXCHANGE

Series		May Vol.	May Last	Aug. Vol.	Aug. Last	Nov. Vol.	Nov. Last	Stock
GOLD C	$300	—	—	2	56	—	—	$388
GOLD C	$325	32	21	5	38 A	200	50	"
GOLD C	$350	96	0.20	45	20 A	—	—	"
GOLD C	$375	—	—	31	10	5	24	"
GOLD C	$400	—	—	4	6.50	14	14	"
GOLD P	$300	—	—	35	4.10	—	—	"
GOLD P	$325	68	0.10	10	10	202	14	"
GOLD P	$350	56	6.50 A	12	18.50	—	—	"
GOLD P	$375	5	32	—	—	—	—	"
GOLD P	$400	1	58	—	—	—	—	"
12¾ NL 81 87-91								
C	F.105	4	8.70	—	—	—	—	F.114
C	F.110	10	3.80 B	108	4.20	—	—	"
C	F.112.50	57	1.30 B	—	—	—	—	"
C	F.115	—	—	9	1.30	16	1.80	"
C	F.117.50	—	—	10	0.50	—	—	"
12 NL 81 86-95								
C	F.102.50	5	2.30 B	—	—	—	—	F.105.20
10¼ NL 80 86-95								
C	F.100	240	1.50	—	—	—	—	F.101.60
C	F.105	—	—	—	—	505	1	"
11½ NL 82 88-92								
C	F.102.50	82	1.50	100	2.20	50	2.60	F.104.20
C	F.105	—	—	440	1.30	—	—	"
C	F.107.50	—	—	—	—	20	0.90	"
P	F.102.50	—	—	—	—	50	1.50	"
P	F.105	200	0.50	—	—	202	2.30	"
10 NL 82 86-89								
C	F.100	—	—	50	1.20	1.20	—	F.09.50
		July		Oct.		Jan.		
ABN P	F.280	10	1.10	—	—	—	—	F.295
AKZO C	F.25	—	—	90	2.70	—	—	F.26
AKZO C	F.27.50	47	0.70	150	1.70	10	2	"
AKZO C	F.30	23	0.40	7	1	5	1.40	"
AKZO P	F.25	—	—	100	1.20	—	—	"
AKZO P	F.27.50	26	1.80	10	1.90	—	—	"
AKZO P	F.30	58	4	20	4.10 A	50	4.30	"
AMRO C	F.55	—	—	12	1.50	—	—	F.55.30
HOOG C	F.17.50	25	0.40	—	—	—	—	F.15.70
KLM C	F.90	25	12.90 B	—	—	—	—	F99.50
KLM C	F.100	62	6	6	9	—	—	"
KLM C	F.110	34	3	—	—	—	—	"
KLM C	F.120	85	1.40	—	—	—	—	"
KLM P	F.90	18	1.60	—	—	—	—	"
KLM P	F.100	16	5.30	—	—	—	—	"
KLM P	F.110	34	12.60	—	—	—	—	"
NEDL C	F.120	42	3.60	19	6	—	—	F.118
NEDL C	F.130	32	1.30	—	—	—	—	"
NEDL C	F.140	—	—	15	1.50	—	—	"
NEDL P	F.110	—	—	15	2.30 B	—	—	"
NEDL P	F.120	12	4.70	—	—	—	—	"
PHIL C	F.22.50	37	2	20	2.70	—	—	F.24.20
PHIL C	F.25	215	0.70	94	1.20	71	1.70	"
PHIL C	F.27.50	20	0.10	85	0.50	15	0.60	"
PHIL P	F.22.50	13	0.30	—	—	—	—	"
PHIL P	F.25	—	—	65	1.60	20	1.70	"
RD C	F.70	25	19.50 B	—	—	—	—	F.88.70
RD C	F.90	136	2.90	52	4.80	23	5.60 B	"
RD C	F.100	260	0.60	202	1.80	27	2.80	"
RD P	F.80	16	0.70	—	—	21	1.80	"
RD P	F.90	71	3.40	20	4.50	18	5.70	"
UNIL C	F.140	111	8	—	—	—	—	F.146.60
UNIL C	F.150	38	3.50	30	5.50	—	—	"
UNIL C	F.160	—	—	10	2	—	—	"
UNIL P	F.140	60	1.50	15	2.50	—	—	"
UNIL P	F.150	88	5	—	—	—	—	"
UNIL P	F.160	51	13.50A	11	14	—	—	"
		May		Aug.		Nov.		
SIEM C	DM220	40	0.10	—	—	—	—	DM220.20
VW C	DM.150	27	1.60A	—	—	—	—	DM151.60

TOTAL VOLUME IN CONTRACTS: 5996

A=Asked B=Bid C=Call P=Put

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Stock Exchange dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Service.

Unless otherwise indicated, denominations are 25p and prices are in pence. The prices are those at which business was done in the 24 hours up to 3.30 pm on Thursday and settled through the Stock Exchange Talisman system; they are not in order of execution; but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ⊕ Bargains done the previous day. Δ Bargains done with non-member or executed in overseas markets.

Beecham Gp 6pc 1978-83 £89¼ (19/5). 6¼pc 1978-83 £88 ½. 8½pc 1984-94 £66¼ (19/5)
Belgrave (Blackheath) 14 (19/5)
Bell and Sime 5pcPf (£1) 29 (17/5)
Bemrose Corp 7½pcPf (£1) 45 (18/5)
Benson's Hosiery (Hldgs) 12pc 1977-91 £55
Berec Gp 6pc 1992-97 £48 (19/5)
Bestobel 5pcPf (£1) 32½ 3 (14/5)
Bettwood (15p) 123
Bibby (J.) 6pcPf (£1) 42½
Birmid Qualcast 7½pc 1987-92 £51½
Black and Edington 5pcPf (£1) 23¼ (19/5)
Blue Circle Industries 5½pcDb 1984-2009 £42¼. 6pcDb 1988-93 £59¼ (19/5). 7pcDb 1988-93 £63 ¼ ½ (18/5). 9pc Db 1992-97 £70½. 10¼pcDb 1994-99 £74½. 6¼pc (1975 or aft) £38½ 41

Haden 5½pcPf (£1) 31½ (19/5)
Hall Ham River 5¾pcDb 1980-85 £77¾ ⅞ (18/5). 6½pcDb 1984-89 £66¼ ⅛
Hall Engineering (Hldgs) 6½pcPf (£1) 42¾ 3 6¼ (19/5)
Halma 11pcPf (£1) 80
Hanson Tst 7½pcPf (£1) 64 (17/5)
Hargreaves Gp 10½pcDb 1992-97 £74½ (19/5)
Harris Furnishing 6¼pcDb 1983-88 £67¼ 8 (18/5)
Harris (P.) (Hldgs) 7½pcPf (£1) 34 (17/5)
Harrisons Crosfield 6½pcPf (£1) 46 (19/5)
Hawker Siddeley Gp 5½pcPf (£1) 42½

Section headings in the listings columns include: CORPORATION & COUNTY; UK PUBLIC BOARDS; COMMONWEALTH GOVT.; FOREIGN STOCKS (coupons payable London); CORPORATIONS—FOREIGN; BANKS, DISCOUNT; BREWERIES; COMMERCIAL INDUSTRIAL; A—B; C—D; E—F; G—H; I—J—K; L—M; N—O—P; Q—R—S; T—U—V; W—Y—Z; FINANCIAL TRUSTS; INSURANCE; INVESTMENT TRUSTS; MINES—MISCELLANEOUS; MINES—SOUTH AFRICAN; OIL; PROPERTY

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SHIPPING

Caledonia Invs. 6pcRdDb 1980-85 £82½ ¼ (19/5)
Graig Shipping ANonV (£1) £25½ (14/5)
Hunting Gibson 6pcCumPf (£1) 37 (19/5)
Peninsular Orient Steam Nav Co. 5pcCum Pfd £38
S'hampton, IOW SOE RM Steam Pkt (50p) 208 (19/5)

UTILITIES

Alliance Dublin Consumers' Gas 4pcDb (Perp) (£1) I£1-8

£98
Willaire Systems Rest Div 7

RULE 163 (1) (e)

Bargains marked in securities which are quoted or listed on an Overseas Stock Exchange.

AOG 4 (19/5)
Acmex 20
Alliance Oil Devpt Australia 71@

...
Pioneer Concrete 80 (19/5)
Placer Development 550
Poseidon 103
Prime Computer £12¼ (14/5)
Project Oil Exp 36 (18/5)
RCA Corp US$21 ⅞@ 2¼ (19/5)
Raytheon £20@ ⅛
Reef Oil 69 (18/5)
Rembrandt Group 405
Renison 158 (17/5)
Repco 73 (14/5)
Samantha Expln 11
Security Tag Systems 83@ 3 4 7
Selangor Coconuts 63½@ 3

...
Unilever NV (Fl 20) D33.60 33.65
Utd Overseas Bank 114@ (17/5)
Valiant Consd 8 (14/5)
Vamgas 437½ (14/5)
Victor 512¼ 30
Wah Kwong Props 15½ (14/5)
Waste Management US$32⅛ (18/5)
West Coast Trans 530 (19/5)
Westfield Mins 65 (17/5)
Westmex 9 (18/5)
Wheelock Maritime Intnl 45 (18/5)
World Int 28 ½ 9
Zone Petroleum 98

RULE 163 (2) (a)

Applications granted for specific bargains in securities not listed on any Stock Exchange.

All England Lawn Tennis Gnd £50Dbs 1981-85 £8,800 9 050 100 (14/5)
Ann Street Brewery 315
Ayrton Saunders 7½pcPf 35 (17/5)
Booth (Charles) 15 (19/5)
Brint Invs 230 ½ 5 (19/5)
Camra (Real Ale) Invs 100¼ (17/5)
Cannon Street Invs 12 (19/5)
Channel Hotels and Props 10 2
CIC Inv (1p) ½ (18/5)
Darling Fd 142 4
Dawson (Wm) 119½ 21
Dollar Land 29 31
Gibbs (M.) 248 50
Grampian TV 48 50 (17/5)
Guernsey Gas Light 425 (14/5)
Hemerdon Mng and Smelting 53 ¼
Home Brewery 648 53
Hydro Hotel Eastbourne 295 310 (17/5)
Jennings Bros 140 2 (19/5)
Jersey (States of) £61 (17/5)
Jersey Elec 3pcDbs 1987 £55 (17/5)
Jessel Tst 5 ½
Le Riches Stores 238 40
Nationwide Leisure 11½ 2½
Norton Villiers Triumph ½ 1½
Oldham Ests 128 ½ 9
PMPA Insce 37 (18/5)
Plantation and Gen Invs 68½ 9½ (19/5)
Rangers FC £16½
Roche Plant 16½ 7 (19/5)
Rotaco 5 ½
St. Austell Brewery 5pcPf 37 (18/5)
Scottish Ceylon Tea 40 (18/5)
Seymours 4pcPf 37 (17/5)
Shepherd Neame 650 5 (19/5)
Sheraton Sec Intnl 11¼ ½ ¾ (19/5)
Sinclair (Wm) 50 (17/5)

RULE 163 (3)

Dealings for approved companies engaged solely in mineral exploration.

Celtic Basin Oil Expl. (£1) 200
Energy Sources (Nthn. Ireland) 8 Rstd. Vtg. (10p) 6

(By permission of the Stock Exchange Council)

MONEY MARKETS

UK clearing bank base lending rate 13 per cent (since March 12)

Interest rates were slightly lower yesterday in very quiet trading ahead of the weekend with attention focused on fighting around the Falkland Islands. The average rate of discount at the weekly Treasury bill tender edged nervously higher however to 12.7458 per cent compared with 12.5023 the previous week.

The Bank of England forecast a shortage of £100m with factors affecting the market including bills maturing in official hands and a net take up of Treasury bills −£227m and a rise in the note circulation of £200m. On the other hand Exchequer transactions added £350m. The forecast was later revised to a shortage of around £200m and the Bank gave assistance in the morning by making purchases of £47m of bills. These were made up of £3m of eligible bank bills in band 2 (15-33 days) at 13 per cent and £2m in band 3 (34-63 days) at 12⅞ per cent. In band 4 (64-91 days) it bought £5m of Treasury bills, £11m of local authority bills and £26m of eligible bank bills, all at 12¾ per cent.

Further help was given in the afternoon of £48m, making a grand total of £95m. The later assistance comprised purchases of £14m of eligible bank bills in band 2 at 13 per cent and £17m in band 3 at 12⅞ per cent. In band 4 it bought £1m of Treasury bills, £15m of local authority bills and £1m of eligible bank bills, all at 12¾ per cent. Weekend money in the interbank market opened at 13-13½ per cent and eased to 12¾-13 per cent before rising to 13¼-13½ per cent. When the Bank left a published gap of over £100m between the forecast and the help, later balances were commanding up to 18 per cent.

In New York Federal funds traded as low as 13¼ per cent in the morning but came back to 13½-13¾ per cent. Trading was generally steady as the market tried to digest the implications of the recent Drysdale insolvency.

CURRENCIES

Sterling recovered in currency markets yesterday in very thin and nervous trading. Its trade weighted index finished at 89.0 up from 88.6, having stood at 89.1 at noon and 88.5 at the opening. Against the dollar it opened at $1.7850 and rose to a best level of $1.8100 in the early afternoon. It came back to close on a 20-point spread at $1.7950-1.7970, a rise of 1.65c. Sterling also improved against the D-mark to DM 4.14 from DM 4.13 and SwFr 3.5250 from SwFr 3.5150. It was higher in terms of the French franc at FFr 10.7850 compared with FFr 10.74.

The dollar was mostly weaker, reflecting a decline in Euro-currency interest rates. This followed a softer trend in U.S. domestic rates. The dollar fell to DM 2.3060 against the D-mark down from DM 2.3200 and SwFr 1.9625 from SwFr 1.9740. It was also weaker against the Japanese yen at Y237.6 from Y238.4. On Bank of England figures, the dollar's index fell to 112.9 from 113.5.

THE POUND SPOT AND FORWARD

May 21	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.7850-1.8100	1.7950-1.7970	0.15-0.25c dis	−1.34	0.40-0.50dis	−1.00
Canada	2.1950-2.2200	2.2170-2.2190	0.40-0.50c dis	−2.43	1.05-1.20dis	−2.03
Nethlnd	4.57-4.62	4.60-4.61	2-1½c pm	4.54	5¾-5 pm	4.54
Belgium	77.60-78.20	77.95-78.15	17-27c dis	−3.38	50-60 dis	−2.82
Denmark	13.95-14.09	14.04-14.06	6⅞-7⅞ore dis	−6.38	17¼-18¾dis	−5.11
Ireland	1.1905-1.2005	1.1970-1.1985	0.59-0.73p dis	−6.11	1.67-1.87dis	−5.91
W. Ger	4.10-4.15	4.13½-4.14½	1⅞-1⅝pf pm	4.71	5⅛-4⅞ pm	4.71
Portugal	125.50-127.00	126.25-126.75	105-385c dis	−23.23	305-985dis	−20.38
Spain	184.00-185.00	184.30-184.60	45-70c dis	−3.74	180-400dis	−6.29
Italy	2,281-2,301	2,296½-2,298½	18-21 lire dis	−10.18	56-61 dis	−10.18
Norway	10.64-10.72	10.68-10.70	3½-5½ore dis	−4.77	7½-8½ dis	−3.06
France	10.72-10.80	10.78-10.79	13¾-16¾c dis	−16.97	33-36 dis	−12.79
Sweden	10.33-10.43	10.39½-10.40½	½-¼ore pm	0.58	2¾-1½ pm	0.72
Japan	423-429	426½-427½	2.35-2.05y pm	6.18	6.60-6.30 pm	6.04
Austria	28.90-29.15	29.10-29.15	16-12gro pm	5.77	39-31 pm	4.81
Switz	3.49-3.54	3.52-3.53	3¼-2¾c pm	10.21	8¾-8¼ pm	9.64

Belgian rate is for convertible francs. Financial franc 85.45-85.55. Six-month forward dollar 0.85-0.95c dis, 12-month 1.40-1.60c dis.

EXCHANGE CROSS RATES

May 21	Pound St'rling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canadia Dollar	Belgian Franc
Pound Sterling	1	1.796	4.140	427.0	10.785	3.525	4.605	2298.	2.218	78.05
U.S. Dollar	0.557	1.	2.305	237.8	6.005	1.963	2.564	1279.	1.235	43.46
Deutschemark	0.242	0.434	1.	103.1	2.605	0.851	1.112	555.0	0.536	18.85
Japanese Yen 1,000	2.342	4.206	9.696	1000.	25.26	8.255	10.78	5381.	5.194	182.8
French Franc 10	0.927	1.665	3.839	395.9	10.	3.268	4.278	2130.	2.057	72.37
Swiss Franc	0.284	0.510	1.174	121.1	3.060	1.	1.306	651.8	0.629	22.14
Dutch Guilder	0.217	0.390	0.899	92.73	2.342	0.765	1.	498.9	0.482	16.95
Italian Lira 1,000	0.435	0.782	1.802	185.9	4.694	1.534	2.004	1000.	0.965	33.97
Canadian Dollar	0.451	0.810	1.867	192.5	4.862	1.589	2.076	1036.	1.	35.19
Belgian Franc 100	1.281	2.301	5.304	547.1	13.82	4.516	5.900	2944.	2.842	100.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

May 21	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	13-13¼	13⅞-14⅛	13-14	8¾-9	1½-2	8⅜-8½	40-50	18½-20½	12½-14½	14-14½	6¾-6⅞	20-20⅝
7 days' notice	13-13¼	14¼-15½	13-14	8⅝-8⅞	5⅛-5½	8⅜-8½	40-50	20⅝-22⅛	14-16	14¼-14½	6 9/16-7 1/16	20½-21⅞
Month	13⅜-13½	14 3/16-14 5/16	15⅝-16	8 7/16-8 9/16	3 3/16-3 5/16	8⅝-8¾	29-31	23-24	15⅝-16⅛	14¾-15	6 15/16-7 1/16	20-20⅝
Three months	13 7/16-13 9/16	14 3/16-14 5/16	15½-15⅞	8 7/16-8 9/16	3¾-3⅞	8 7/16-8 9/16	26-27	25¼-24	15½-16½	14¾-15	7 1/16-7 3/16	20-20⅝
Six months	13 9/16-13 11/16	14 3/16-14 5/16	15⅝-15¾	8¾-8⅞	4⅝-4¾	8 7/16-8 11/16	23-24	23¾-24⅛	15½-16½	14½-14¾	7⅛-7¼	19-19⅝
One Year	13 9/16-13 11/16	14⅛-14⅜	15⅜-15¾	8¾-8⅞	4 5/16-4 7/16	8 7/16-8 9/16	20¼-21¼	25½-24¼	15-16	14⅝-14⅝	7 1/16-7 3/16	17¾-18⅛

SDR linked deposits: one month 13 15/16-14 3/16 per cent; three months 13 7/16-13 13/16 per cent; six months 13 3/16-13 9/16 per cent; one year 12 13/16-13 3/16 per cent.

ECU linked deposits: one month 15⅛-15⅜ per cent; three months 14 11/16-15 3/16 per cent; six months 14⅛-14½ per cent; one year 13 7/16-13 13/16 per cent.

Asian $ (closing rates in Singapore): one month 14 5/16-14 11/16 per cent; three months 14⅜-14½ per cent; six months 14⅜-14½ per cent; one year 14 5/16-14 7/16 per cent. Long-term Eurodollar two years 14½-14¾ per cent; three years 14⅝-14⅞ per cent; four years 14¾-15 per cent; five years 14⅞-15⅛ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 13.95-14.05 per cent; three months 13.75-13.85 per cent; six months 13.75-13.85 per cent; one year 13.80-13.90 per cent.

FT LONDON INTERBANK FIXING (11.00 a.m. MAY 21)

3 months U.S. dollars		6 months U.S. dollars	
bid 14 3/8	offer 14 1/2	bid 14 5/8	offer 14 1/2

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES

May 21 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◆	Eligible Bank Bills ◆	Fine Trade Bills ◆
Overnight	—	12¾-18	12⅞-13	—	—	13-13¼	12¾-13	—	—	—
2 days notice	—	—	13¼	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	13¼-13⅛	12¾-13	—	—	—
7 days notice	—	13 13⅜	13⅜*	—	—	—	—	—	—	—
One month	13 7/16-13 5/16	13 5/16-13 7/16	13⅝	14-13⅝	13⅜	13⅝	12⅞-13	13 1/32-13 1/16	13 1/16-13 1/32	13¾
Two months	13⅝-13⅜	13 7/16-13 9/16	—	13⅞-13½	13½	—	12⅞	12 31/32-12 15/16	12 15/16-13	13⅝
Three months	13⅜-13⅞	13½-13⅝	13⅛	13⅞-13½	13⅝	—	12¾	12 27/32	12 11/16-12⅞	13½
Six months	13 5/16-13 7/16	13½-13⅝	13½	13-12½	13⅝	—	—	—	12 11/16	13
Nine months	13⅝-13 7/16	13½-13⅝	—	13¾-13⅜	13⅝	—	—	—	—	—
One year	13 9/16-13 7/16	13½-13⅝	13⅝	13¾-13⅜	13⅝	—	—	—	—	—
Two years	—	—	13⅝	—	—	—	—	—	—	—

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 14 per cent; four years 14⅛ per cent; five years 14⅛ per cent. ◆Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12 15/16-13 per cent; four months trade bills 13¾ per cent.

Approximate selling rates for one month Treasury bills 13 per cent; two months 12 27/32-12⅞ per cent; three months 12 27/32 per cent. Approximate selling rate for one month bank bills 13 per cent; two months 12⅞ per cent and three months 12⅞ per cent; one month trade bills 13½ per cent; two months 13⅜ per cent; three months 13¼ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 14 per cent from May 1 1982. London and Scottish Clearing Bank Rates for lending 13 per cent. London Clearing Bank Deposit Rates for sums at seven days' notice 10-10¼ per cent. Treasury Bills: Average tender rates of discount 12.7458 per cent.

Certificates of Tax Deposit (Series 5) 13¼ per cent from May 14. Deposits withdrawn for cash 11 per cent.

CURRENCY MOVEMENTS

May 21	Bank of England Index	Morgan Guaranty Changes%
Sterling	89.0	−33.9
U.S. dollar	112.9	+6.2
Canadian dollar	86.8	−18.9
Austrian schilling	116.9	+26.4
Belgian franc	96.1	−1.0
Danish kroner	85.1	−12.3
Deutsche mark	125.5	+48.6
Swiss franc	146.8	+96.0
Guilder	115.6	+22.0
French franc	80.2	−14.8
Lira	54.4	−58.2
Yen	137.3	+31.9

Based on trade weighted changes from Washington agreement December, 1971. Bank of England Index (base average 1975=100).

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU May 21	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.6963	44.8729	+0.40	+0.85	±1.5440
Danish Krone	8.18382	8.10320	−0.99	−0.54	±1.6428
German D-Mark	2.41815	2.37973	−1.59	−1.14	±1.1097
French Franc	6.19564	6.20779	+0.20	+0.65	±1.3743
Dutch Guilder	2.67296	2.64622	−1.00	−0.55	±1.5069
Irish Punt	0.686799	0.688001	+0.18	+0.63	±1.6689
Italian Lira	1305.13	1321.56	+1.26	+1.26	±4.1242

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

OTHER CURRENCIES

May 21	£	$		£ Note Rates
Argentina Peso	25,520-25,560†	14,200-14,250†	Austria	28.95-29.25
Australia Dollar	1.6960-1.6990	0.9445-0.9450	Belgium	85.40-86.40
Brazil Cruzeiro	289.12-290.12	160.28-161.08	Denmark	14.02-14.14
Finland Markka	8.092-8.1009	4.5000-4.5020	France	10.73-10.83
Greek Drachma	110.142-113.558	63.10-63.30	Germany	4.11¾-4.15¾
Hong Kong Dollar	10.21½-10.24	5.7030-5.7080	Italy	2240-2300
Iran Rial	146.30*	81.35*	Japan	422-427
Kuwait Dinar (KD)	0.5122-0.5132	0.2856-0.2858	Netherlands	4.56½-4.60½
Luxembourg Fr.	77.95-78.15	43.43-43.45	Norway	10.73-10.83
Malaysia Dollar	4.0670-4.0795	2.2710-2.2740	Portugal	125½-128
New Zealand Dlr.	2.3355-2.3405	1.3005-1.3025	Spain	177½-187
Saudi Arab. Riyal	6.15-6.16	3.4295-3.4305	Sweden	10.38-10.48
Singapore Dollar	3.7090-3.7210	2.0710-2.0740	Switzerland	3.50¾-3.54¾
Sth. African Rand	1.9215-1.9235	1.0700-1.0710	United States	1.78¼-1.80¼
U.A.E. Dirham	6.5845-6.5945	3.6715-3.6730	Yugoslavia	79-95

† Now one rate. * Selling rate.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

American Growth	59.5	64.0	−0.3	2.27
Capital	39.6	42.8	−0.2	5.14
(Accum. Units)	52.7	57.0	−0.2	5.14
General	62.8	67.5	−0.2	4.52
Gilt & Fixed Int.	103.3	108.7	.....	11.62
Income	39.5	42.7	+0.1	9.20
Worldwide Bond	111.8	120.2	.....	4.16
Inv. Tst. Fd.	53.7	58.1	.....	4.13
Equities Prog.	86.0	93.0	−0.2	4.52

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314
AHR Gilt Trust 90.7 95.4 +0.2 12.73

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex
Brentwood (0277) 211459 & 229123

Balanced Funds

Allied 1st	92.6	99.1	+0.2	5.48
Brit. Inds. Fund	80.5	86.1	−0.1	6.19
Growth & Income	60.8	65.1	−0.4	4.19
Elect. & Ind. Dev.	48.0	51.4	−0.4	4.18

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 3492

Cres. American	38.9	42.0	−0.4	0.95
Cres. Capital	23.9	25.8	−0.1	3.49
Cres. High. Dist.	44.9	48.5	−0.2	9.43
Cres. International	81.0	87.5	−0.3	1.71
Cres. Reserves	55.1	59.6	−0.4	5.05
Cres. Tokyo	37.7	40.7	.....	0.31

Dartington Unit Trust Mngt. Ltd.
Dartington, Totnes, Devon TQ9 6JE. 0803 862271
Total Perf. Unit Tst. 22.2 24.9 ..... 5.23

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485
Disc. Inc. May 14 280.3 298.9 ..... 4.57

L & C Unit Trust Management Ltd.
The Stock Exchange, London EC2N 1HA 588 2800
L&C Inc. Fund 169.1 174.4 ..... 8.46
L&C Intl & Gen Fd. 111.8 115.3 ..... 1.49

Legal & General (Unit Tst. Mngrs.) Ltd.
5 Rayleigh Rd., Brentwood 0277 217238
Equity Dis. 96.9 104.8 ..... 4.29
Equity Acc. 137.6 148.8 −0.1 4.29
Gilt 130.4 137.3 ..... 7.01

Leonine Administration Ltd.
2, St. Mary Axe, EC3A 8BP. 01-623 6114
Leo Distribution 131.0 139.0 ..... 0.27
Leo Accum. 155.7 165.2 ..... 0.27

Lloyds Bk. Unit Tst. Mngrs. Ltd. (a)

Ridgefield Management Ltd.
1 Finsbury Sq., EC2A 1PD 01-588 6906
Income UT 75.0 80.9 −0.1 9.81
International UT 102.3 110.1 −0.9 1.73

Rothschild Asset Management
St. Swithin's Lane, London EC4. 01-626 4356
NC American Prop.* $10.00
Next Sub. Period April 30/May 28.
NC Prop.* 171.9 182.5
Next Sub. Period June 30/July 14.
*Unauthorised.

Rothschild Asset Management (a) (g) (z)
72-80, Gatehouse Rd., Aylesbury. 0296 5941

N.C. Engy Res Tst	145.9	155.2	−0.3	1.71
N.C. Income Fd.	156.5	166.4	+0.4	8.17
N.C. America (Inc.)	135.8	144.4	−1.3	0.94
N.C. America (Acc.)	143.4	151.4	−1.3	0.94
N.C. Smaller Cos.	70.7	75.3	−0.2	3.58

Rowan Unit Trust Mngt. (a)
City Gate Hse., Finsbury Sq., EC2. 01-606 1066

Better trend in sterling helps to sustain a technical rally in markets—Share index up 6.2 at 560.6

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 30	May 13	May 14	May 24
May 17	June 3	June 4	June 14
June 7	June 17	June 18	June 28

* "New time" dealing may take place from 9 am two business days earlier.

The recent slide in equities and British Funds was reversed by a technical rally yesterday. Heightening tension over the Falklands weighed heavily on sentiment, but yesterday's relatively sharp-pick up in sterling after recent weakness helped to sustain the recovery movement.

Bear closing and some cheap buying interest saw leading shares edge higher in the early dealings, but potential buyers were not disposed to chase quotations higher after the lunch-time break. Values held steady in the afternoon when reports of UK troop landings on the Falkland Islands dampened interest, but prices hardened a little in the late business.

Illustrating the day's trend, the FT 30-share index, up 5.3 at noon, drifted back with the rise being reduced to 3.7 for the next three calculations. The close was 6.2 up at the day's best of 560.6. This still left the index with a net loss on the week of 30 points, its biggest fall in a week for seven months.

The FT-Actuaries All-Share index ended the week 3½ per cent down at 325.11.

Gilt-edged securities put on a better performance, with long and short-dated stocks improving by up to ¾. As with the equity sectors, interest was kept to a minimum by continuing uncertainties over the Falklands, the improvement mainly reflecting yesterday's rally in sterling.

The Government Securities index gained 0.14 to 68.17, but still recorded a drop of 0.98 on the week. The reduced UK inflation rate was as expected and had no apparent impact.

Minet feature

A resurgence of speculative buying fuelled by revived hopes of a bid from Corroon and Black of the U.S., which owns a 20 per cent stake in the company, helped Minet to close 11 better at 198p. Elsewhere in Insurances, Eagle Star, at 354p, retrieved 6 of the previous day's decline of 15 on hopes that the EEC will not hold an inquiry into Allianz Versicherung's acquisition last June of a 28.1 per cent stake in E.S. and that A.V. might proceed with a full-scale offer.

Little of interest took place in the banking sector. Ahead of their respective preliminary statements, due next Tuesday and Wednesday, Cater Allen relinquished 5 to 315p and Allied Irish softened 2 to 90p. Minster Assets shaded a penny to 76½p; the annual figures are scheduled for next Wednesday.

Breweries were rarely altered after a slow day's trading.

Leading Buildings were irregular, but the tone was much steadier than of late. **Tarmac**, after opening 4 cheaper at 550p, picked up to close 2 dearer on balance at 556p, but **Blue Circle**, still overshadowed by the company's profits warning, shed 2 for a fall on the week of 38 to 458p. **Costain**, a weak market since the preliminary results, rallied 4 to 234p, while **London Brick** improved a couple of pence to 99p. Elsewhere, recent speculative favourite **Breedon and Cloud Hill** cheapened 2 to 178p, after 176p, but retained a gain on the week of 9. **Brown and Jackson** put on 3 to 24p, the Board's cautiously optimistic statement outweighing the poor annual results. **Newarthill**, a thin market, shed 13 for a fall on the week of 30 to 505p. Dealings in **Bart Boulton** resumed at 390p compared with the suspension price of 230p following the agreed 400p per share offer from Thomas Roberts (Westminster) for the 9 per cent minority interest.

ICI touched 318p before settling a net 4 up at 316p. **Fisons** improved a couple of pence to 312p and **Laporte** 3 to 140p. **R. H. Morley**, dealt in the Unlisted Securities Market, put on 3 to 18p.

Debenhams pleases

Several good features were recorded in the Stores sector. **Debenhams** rose 5 to 75p on relief that the dividend was maintained despite lower annual profits. **UDS** closed the week strongly, putting on 5 to 60p, with most of the rise following the late announcement that Sir Robert Clark has been appointed Deputy Chairman with a view to his succeeding chairman Mr Bernard Lyons who retires at the end of the year. **F. W. Woolworth** gained 2½ to 46½p in belated response to the Board changes and prospect of the U.S. parent taking direct management control. **Marks and Spencer** firmed a few pence to 155p and **House of Fraser** hardened a couple of pence to 150p. Among secondary issues, **A. Goldberg** jumped 10 to 65p in response to better-than-expected preliminary results, while **Tern-Consulate** put on 7 to 50p following a revival of bid speculation.

Plessey, with preliminary results scheduled for next Thursday, advanced 7 to 417p but **Thorn EMI** lost that much to 426p in an uncertain Electrical sector. **Ferranti** firmed 5 to 710p and **Standard Telephones and Cables** appreciated 7 to 560p. Dealings in the recently buoyant **ESI London** were suspended at 298p awaiting further details of the proposed merger with parent company International Signal and Control Corporation of the U.S.

Anderson Strathclyde rose 7 to 145p in Engineerings in response to the bumper profits forecast issued by the Board in defence of the unwelcome 135p per share bid from Charter Consolidated. Still drawing strength from the profits recovery and resumption of dividends, **Vosper** advanced 8 for a two-day jump of 23 to 175p. **Metalrax** hardened a penny to 46p following an investment recommendation, but **Brockhouse** fell 4 more to 28p on further consideration of the half-year deficit. The leaders closed mixed, **GKN** adding 4 to 158p and **Vickers** cheapening 3 to 146p.

Bowater better

In Foods, **Tate and Lyle** improved 2 to 184p; the interim results are due next Wednesday. **Associated British Foods**, preliminary results due on Monday, stayed at 130p. **Cadbury Schweppes** and **Rowntree Mackintosh** added 2 apiece to 97p and 172p respectively. **J. Sainsbury** hardened 5 to 605p and **Associated Dairies** 2 to 122p, while consideration of the chairman's statement at the annual meeting left **William Morrison** 4 up at 136p. **Amos Hinton** added 2 for a gain on the week of 10 to 325p in response to good annual results.

Grand Metropolitan, a nervous market recently on revived rights issue rumours, rallied a penny but, at 206p, lost 17 on the week.

Miscellaneous industrial leaders brought a depressing week to a quietly firm close. Technical considerations prompted closing improvements ranging to 6 with **Bowater** that much better at 208p following the annual meeting. Awaiting next Thursday's preliminary figures, **Boots** added 4 at 224p. **Glaxo** also picked up 4, to 649p. Elsewhere, **British Syphon** lost 3 to 26p following the slashed dividend and annual deficit, while **Benlox** cheapened a couple of pence to 23p on the proposed rights issue which accompanied the results. Still reflecting the chairman's bid denial, **Johnson Group Cleaners** lost 6 more at 231p, while **Charles Hill of Bristol** dipped 8 to 90p following the chairman's uninspiring remarks at the annual meeting.

John Williams of Cardiff fell 3 more making a drop on the week of 9 to 21p on poor figures. **William Press**, on the other hand, improved a couple of pence to 65p ahead of next Friday's preliminary results and **Celtic Haven** edged forward a penny to 28½p following an investment recommendation.

The Leisure sector displayed contrasting movements. **Pleasurama** added 5 for a two-day gain of 10 to 260p in response to good interim results, while **Management Agency and Music** came off its 1982 low of 92p to close 4 up at 96p following the satisfactory half-year results. **Black and Edgington**, a rising market recently on bid hopes, reacted 5 to 46p, while **Horizon Travel** gave up 7 to 200p following adverse Press comment.

Enlivened earlier in the week by Lookers' bid for Braid Group, certain other Motor Distributors made fresh progress on takeover speculation. **Charles Hurst** put on 6 to 54p and **Adams and Gibbon** a penny for a two-day gain of 5 to 92p. **Hartwells** put on 8 to 92p in response to good preliminary results and the proposed one-for-two scrip issue. **Lex Service** hardened a couple of pence to 18p, but **Henlys** shed 3 to 89p.

Leading Properties took a modest turn for the better, **Land Securities** hardening a couple of pence to 275p, but secondary issues were adjusted lower. **Daejan** closed 4 cheaper at 159p and **Allnatt (London)** a like amount down at 162p, while **Evans of Leeds** shed 3 to a 1982 low of 55p. **Property and Reversionary** lost 5 to 150p and **Apex** 2 to 108p, while **Allied London** softened a penny to 86p.

Oils better

Oils went better helped by reports that Opec is ready to raise its production ceiling. **British Petroleum**, first-quarter figures due on June 3, firmed 4 to 314p, **Shell** 6 to 420p and **Lasmo** 5 to 330p. Outside of the leaders, **Burmah** improved 3 to 135p and **Ultramar** 8 to 413p, while **Tricentrol** put on 6 to 206p. On the other hand, **Sovereign** dipped to 305p before closing just 2 cheaper on balance at 315p awaiting details of the annual meeting and amid rumours that Dome Petroleum might sell its 23 per cent stake in the company. Lack of support left **Moray Firth** 3 down at a 1982 low of 15p. Canadian Oils turned dull again. **Sceptre Resources** shedding 30 to 237p and **Global Natural Resources** 20 to 735p. **Warrior**, 32p and **Double Eagle**, 37p, lost 3 apiece, but **Tri Basin** moved against the trend, touching 70p, before closing a net 8 up at 65p.

Trusts usually ended a few pence lower while, in Financials, **Mercantile House** eased 5 to 380p and **Exco International** 2 to 193p. Against the trend, **R. P. Martin** edged up to close 5 up at 286p.

Still reflecting the reduced interim dividend and increased loss for the eight-month trading period, **Common Bros** encountered fresh offerings and fell 10 more to 185p. Elsewhere in Shippings, **Reardon Smith A** gave up 5 to 85p, but **Lofs**, the subject of speculative interest recently, hardened a penny to 40p.

Tobaccos met modest support, **Bats** improving 5 to 430p and **Imperial** a penny to 93p, the latter following an investment recommendation. **Rothmans** added a couple of pence to 92p.

Greaterman Stores A plummeted 100 to 150p following the revised interim figures and Board's forecast that no dividends are likely to be paid in the foreseeable future.

Golds easier

Initially steady in quiet and routine trading, South African Golds encountered persistent small selling around midday as reports of the British attack on the Falklands was followed by a weakening in the bullion price.

The latter, trading around $342 prior to the reports, closed a net $4.25 lower at $338 an ounce, a net $2.875 up on the week.

Losses in Golds, however, were generally modest and the Gold Mines index showed a 0.9 decline to 249.0 to leave the index a net 13.1 up over the five-day period.

In the heavyweights, **Randfontein** dipped ¾ to £26¾ and **Driefontein** ¼ to £10¼ while medium-priced stocks registered losses to 16, as in **Stilfontein**, 666p.

South African Financials closed mixed after quiet trading. "**Amgold**" and **Gold Fields of South Africa** gave up around ¾ apiece at £34¾ and £27¼. **Anglo American Corporation** eased 2 to 473p and **De Beers** 3 to 222p.

London Financials were unsettled by further losses in precious and base-metal prices. **Gold Fields** lost 6 to 364p, **Rio Tinto-Zinc** 5 to 428p and **Charter** gave up 3 more to a year's low of 200p.

Australians managed minor gains but activity remained at a low ebb reflecting domestic nervousness over the situation in the South Atlantic.

Bond Corporation moved up 5 to 73p as speculative buying followed the announcement that the company has been approached regarding the possible sale of a major asset.

Among the leaders, **Pancontinental** improved 6 to 100p, **North Broken Hill** 4 to 115p and **MIM Holdings** 2 to 180p.

Reflecting the paucity of business in the equity market, interest in Traded Options waned considerably. Only 1,049 deals were done, less than half of the previous day's 2,260.

LEADERS AND LAGGARDS

Percentage changes since December 31, 1981 based on *Thursday, May 20 1982.*

Health and H'sehold Products	+28.68	Leisure	+ 4.59
Tobaccos	+21.35	All-Share Index	+ 3.48
Insurance Brokers	+16.49	Mechanical Engineering	+ 1.84
Other Consumer	+14.83	Insurance (Life)	+ 0.04
Stores	+13.05	Food Manufacturing	− 0.90
Contracting, Construction	+12.87	Oils	− 1.61
Consumer Group	+10.95	Motors	− 2.98
Brewers and Distillers	+10.63	Engineering Contractors	− 3.28
Building Materials	+ 9.09	Other Industrial Materials	− 3.80
Chemicals	+ 8.91	Metals and Metal Forming	− 4.04
Newspapers, Publishing	+ 8.85	Insurance (Composite)	− 5.04
Textiles	+ 8.81	Financial Group	− 5.14
Electricals	+ 8.28	Discount Houses	− 5.31
Industrial Group	+ 8.18	Office Equipment	− 7.63
Packaging and Paper	+ 7.95	Merchant Banks	− 7.95
Other Groups	+ 7.38	Property	− 8.38
Shipping and Transport	+ 6.51	Banks	− 8.64
500 Share Index	+ 6.43	Overseas Traders	−11.83
Food Retailing	+ 5.81	Mining Finance	−12.97
Capital Goods	+ 5.04	Gold Mines Index	−18.73
Investment Trusts	+ 4.96		

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
May 10	May 21	Aug 12	Aug 23
May 24	June 11	Sept 2	Sept 13
June 14	June 25	Sept 16	Sept 27

For rate indications see end of Share Information Service

Money was given for the call of Brengreen, First National Finance, UDS, BOC International, Vickers, Sound Diffusion, Carless Capel, Candecca, J. Hepworth, Mitel and Chloride. No puts were reported, but double options were arranged in ICL, First National Finance, Hawkins and Tipson and TV South West.

RISES AND FALLS

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	78	0	14	145	241	74
Corpns. Dom. and Foreign Bonds	15	14	48	36	113	236
Industrials	157	247	938	711	1,828	4,173
Financial and Props.	33	149	326	247	805	1,492
Oils	19	27	61	78	159	298
Plantations	2	2	19	13	20	82
Mines	38	47	74	232	158	405
Others	16	90	45	174	323	284
Totals	358	576	1,523	1,636	3,647	7,024

RECENT ISSUES

EQUITIES

FINANCIAL TIMES STOCK INDICES

	May 21	May 20	May 19	May 18	May 17	May 14	A year ago
Government Secs	68.17	68.03	68.52	69.07	69.34	69.15	66.60
Fixed Interest	69.10	†69.10	69.45	69.81	69.74	69.97	68.23
Industrial Ord.	560.6	554.4	561.9	572.4	575.8	590.3	543.4
Gold Mines	249.0	249.9	247.8	240.3	236.4	235.9	361.6
Ord. Div. Yield	5.55	5.59	5.51	5.43	5.39	5.27	6.07
Earnings, Yld. % (full)	11.52	11.61	11.44	11.22	11.14	10.90	11.86
P/E Ratio (net) (*)	10.59	10.52	10.67	10.89	10.96	11.21	10.59
Total bargains	15,950	14,724	15,179	17,043	16,947	17,790	17,838
Equity turnover £m.	—	105.07	119.61	113.61	111.36	167.18	108.94
Equity bargains	—	10,567	11,518	11,992	13,690	15,835	12,050

10 am 558.8. 11 am 559.3. Noon 559.7. 1 pm 558.1.
2 pm 558.1. 3 pm 558.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity 1974. †Corrected.

Latest Index 01-246 8026.

*Nil=9.82.

HIGHS AND LOWS

S.E. ACTIVITY

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low		May 20	May 19
Govt. Secs.	69.58 (25/3)	61.89 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)	—Daily Gilt Edged Bargains	141.7	144.2

NEW HIGHS AND LOWS FOR 1982

CANADIANS (5)
Bank Nova Scotia — Tor. Dom. Bank
Brascan — Trans. Can. Pipe
Inco
BANKS (2)
Ansbacher (H.) — Bank of Scotland
BUILDINGS (1)
Benford Machinery
TRUSTS (4)
Altifund Inc. — M & G Group
English Assoc. — Utd. Comp. & Tech.
OILS (2)
Moray Firth — Sceptre Res.
OVERSEAS TRADERS (2)
Crosby House — Lonrho
MINES (4)
Charter Cons. — Kitchener
Endeavour — Gopeng Cons.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing prices pence	Day's change	Stock	Closing prices pence	Day's change
Bowater	208	+ 6	Grand Met	206	+ 1
BP	314	+ 4	Horizon Travel	200	− 7
Debenhams	75	+ 5	Intasun	140	− 1
GEC	875	—	Pilkington Bros	225	—
Glaxo	649	+ 4	Royal Bank of Scot.	99	+ 3
Goldberg (A.)	65	+10	Sovereign Oil	315	− 2

THURSDAY'S ACTIVE STOCKS

Based on bargains recorded in S.E. Official List

Stock	No. of price changes	Thursday's closing price pence	Day's change	Stock	No. of price changes	Thursday's closing price pence	Day's change
GEC	14	875	−10	Brockhouse	9	32	− 3
Pilkington Bros	13	225	−10	Glaxo	9	645	−11
Eagle Star	11	348	−15	RTZ	9	433	− 7
ICI	11	312	− 2	Tarmac	9	554	− 8
Thorn EMI	11	433	−10	BTR	8	318	− 2
Racal Elec	10	400	− 8	Bass	8	222	− 4
BSR	9	67	− 3	Grindlays	8	188	−18

5-DAY ACTIVE STOCKS

Based on bargains over the five-day period ending Thursday

Stock	No. of price changes	Thurs. closing price pence	Change on week	Stock	No. of price changes	Thurs. closing price pence	Change on week
Glaxo	92	645	−22	Racal Elec	65	400	−23
GEC	91	875	−15	Grindlays	64	198	−17
Shell Trans	80	414	− 2	Thorn EMI	64	433	−10
Minet Hldgs	78	187	+13	BP	63	310	− 4

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri May 21 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Thur May 20 Index No.	Wed May 19 Index No.	Tues May 18 Index No.	Mon May 17 Index No.	Year ago (approx.) Index No.	1982 High	1982 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (208)	377.11	—	9.67	4.30	12.74	376.93	380.95	384.25	388.25	340.28	396.10 (10/5)	351.14 (14/1)	396.10 (10/5/82)	50.71 (13/12/74)
2	Building Materials (23)	329.32	—	13.90	5.36	8.48	329.33	335.88	339.53	346.21	305.50	349.38 (10/5)	299.54 (6/1)	349.38 (10/5/82)	44.27 (11/12/74)
3	Contracting, Construction (28)	601.65	−0.3	14.17	5.11	8.29	603.22	608.66	618.91	623.27	564.16	641.41 (10/5)	529.58 (6/1)	641.41 (10/5/82)	71.48 (2/12/74)
4	Electricals (31)	1365.54	+0.3	6.83	2.17	18.74	1361.94	1377.30	1386.06	1396.80	1043.82	1411.45 (10/5)	1205.68 (14/1)	1411.45 (10/5/82)	84.71 (25/6/62)
5	Engineering Contractors (10)	472.11	−0.6	14.22	6.47	8.27	474.75	478.51	484.39	484.53	487.72	523.05 (5/2)	472.11 (21/5)	523.05 (5/2/82)	64.39 (2/1/75)
6	Mechanical Engineering (67)	196.95	−0.3	11.70	5.93	10.36	197.47	198.79	200.77	202.59	210.70	207.62 (10/5)	187.11 (6/4)	230.26 (24/4/81)	45.43 (6/1/75)
8	Metals and Metal Forming (11)	161.53	+0.7	10.56	7.35	11.90	160.46	162.26	163.29	164.63	165.96	182.98 (29/1)	155.19 (6/4)	192.29 (4/5/79)	49.65 (6/1/75)
9	Motors (20)	91.00	−0.2	0.84	7.49	—	91.21	91.70	93.90	94.96	106.04	102.40 (3/2)	91.00 (21/5)	170.59 (15/1/69)	19.91 (6/1/75)
10	Other Industrial Materials (18)	359.71	−0.1	10.19	5.89	12.01	359.96	362.11	363.14	369.52	361.59	410.63 (5/2)	357.20 (6/4)	410.63 (5/2/82)	277.55 (15/1/81)
21	CONSUMER GROUP (201)	300.61	+0.6	13.08	5.69	9.29	298.73	301.78	306.32	308.97	276.27	315.36 (14/5)	265.59 (5/1)	315.36 (14/5/82)	61.41 (13/12/74)
22	Brewers and Distillers (21)	301.63	+0.1	15.62	6.56	7.74	301.38	307.04	311.49	315.20	299.93	317.95 (10/5)	261.00 (12/1)	325.16 (16/6/81)	69.47 (13/12/74)
25	Food Manufacturing (22)	262.44	+0.5	17.49	7.10	6.71	261.22	262.30	265.31	269.47	252.21	287.47 (27/1)	261.22 (20/5)	287.47 (27/1/82)	59.67 (11/12/74)
26	Food Retailing (14)	588.75	+0.9	9.65	3.62	12.58	583.30	581.97	586.96	583.56	518.25	626.32 (4/5)	545.79 (5/1)	626.32 (4/5/82)	54.25 (11/12/74)
27	Health and Household Products (8)	448.13	+0.7	7.72	3.61	15.06	445.19	451.19	460.66	463.68	300.47	474.59 (14/5)	338.70 (5/1)	474.59 (14/5/82)	175.38 (28/5/80)
29	Leisure (24)	436.74	−0.6	10.44	5.20	11.95	439.52	444.78	448.68	452.24	421.13	461.12 (2/4)	409.03 (13/1)	476.41 (14/8/81)	54.83 (9/1/75)
32	Newspapers, Publishing (12)	521.25	−0.2	12.93	6.01	9.88	522.21	526.56	524.63	523.87	512.51	537.63 (5/4)	472.39 (14/1)	537.63 (5/4/82)	55.08 (6/1/75)
33	Packaging and Paper (14)	144.16	+0.7	15.86	7.38	7.34	143.19	143.64	146.16	146.88	146.48	150.15 (17/2)	130.74 (5/1)	161.79 (1/5/81)	43.46 (6/1/75)
34	Stores (45)	275.28	+1.3	10.77	4.99	12.40	271.67	275.06	279.64	282.60	276.53	289.12 (12/5)	238.02 (5/1)	294.06 (30/4/81)	52.63 (6/1/75)
35	Textiles (23)	170.65	+0.2	10.58	5.84	12.13	170.24	170.42	172.66	174.43	154.03	182.62 (12/5)	152.91 (5/1)	235.72 (17/1/67)	62.66 (11/12/74)
36	Tobaccos (3)	322.08	+1.2	22.70	8.53	4.97	318.23	321.89	329.46	330.96	243.31	349.15 (10/5)	251.28 (6/1)	349.15 (10/5/82)	94.34 (13/6/62)
39	Other Consumer (15)	283.38	−0.4	—	5.31	—	284.63	285.87	291.39	292.93	303.31	297.26 (2/4)	247.87 (1/1)	311.40 (1/5/81)	229.84 (28/9/81)
41	OTHER GROUPS (78)	250.39	+0.3	13.77	6.37	8.75	249.54	251.29	254.44	256.29	229.05	261.91 (12/5)	228.88 (5/1)	261.91 (12/5/82)	58.63 (6/1/75)
42	Chemicals (16)	332.31	+1.0	13.83	7.00	8.61	329.00	331.48	333.94	335.24	286.04	353.38 (11/2)	297.89 (5/1)	353.38 (11/2/82)	71.20 (1/12/74)
44	Office Equipment (4)	111.23	—	14.48	7.85	8.42	111.23	110.95	113.26	112.82	114.02	131.88 (29/1)	110.95 (19/5)	246.06 (1/9/72)	45.34 (2/1/75)
45	Shipping and Transport (13)	552.46	−0.2	20.39	7.46	5.94	553.55	555.95	561.75	565.18	559.90	587.26 (5/2)	515.46 (5/1)	644.76 (24/4/81)	90.80 (29/6/62)
46	Miscellaneous (45)	320.62	−0.1	11.77	5.22	10.34	320.99	323.75	329.24	333.37	296.47	339.47 (12/5)	289.92 (5/1)	339.47 (12/5/82)	60.39 (6/7/75)
49	INDUSTRIAL GROUP (487)	319.87	+0.4	11.90	5.26	10.24	318.69	321.85	325.82	328.79	291.74	335.24 (10/5)	289.79 (5/1)	335.24 (10/5/82)	59.01 (13/12/74)
51	Oils (13)	741.54	+1.4	21.34	7.84	5.31	731.58	732.73	733.56	740.69	814.80	756.21 (26/4)	627.13 (10/3)	1065.24 (19/11/80)	87.23 (29/5/62)
59	500 SHARE INDEX	354.15	+0.5	13.48	5.69	8.87	352.27	355.28	359.01	362.32	333.46	369.01 (10/5)	324.63 (12/1)	369.01 (10/5/82)	63.49 (13/12/74)
61	FINANCIAL GROUP (117)	241.96	—	—	6.85	—	242.00	244.47	247.65	248.69	245.89	268.53 (8/3)	241.96 (21/5)	279.45 (1/9/81)	55.88 (13/12/74)
62	Banks (6)	262.57	+0.1	39.87	8.19	2.75	262.29	264.39	267.15	269.23	243.98	304.42 (22/2)	260.21 (15/4)	304.42 (22/2/82)	62.44 (12/12/74)
63	Discount Houses (9)	228.89	−2.0	—	9.92	—	233.60	233.60	236.21	236.21	283.31	246.71 (1/1)	211.15 (7/1)	314.03 (20/3/81)	81.40 (10/12/74)
65	Insurance (Life) (9)	251.99	−0.1	—	7.26	—	252.20	255.19	260.94	261.60	249.52	270.29 (2/4)	243.18 (12/1)	298.44 (1/9/81)	44.88 (2/1/75)
66	Insurance (Composite) (10)	147.79	+0.4	—	9.57	—	147.23	149.74	152.55	153.22	151.32	171.78 (5/3)	147.23 (20/5)	188.09 (1/9/81)	43.96 (13/12/74)
67	Insurance Brokers (7)	488.92	+0.6	11.32	5.31	11.99	485.92	485.37	494.35	498.43	369.16	498.43 (17/5)	410.59 (13/1)	498.43 (17/5/82)	65.86 (16/12/74)

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INSURANCE & OVERSEAS MANAGED FUNDS

INSURANCES

Abbey Life Assurance Co. Ltd.
1-3 St. Paul's Churchyard, EC4. 01-248 9111

Property Fund	226.6	238.6	—	—
Equity Fund	51.1	53.8	-0.2	—
Property Acc.	265.5	279.5	—	—
Equity Acc.	48.9	51.5	-0.2	—
Selective Fund	147.3	155.1	-0.3	—
Money Fund	165.7	174.5	—	—
Convertible Fund	177.8	187.2	—	—
Prop. Fd. Ser. 4	209.3	220.4	—	—
Equity Ser. 4	54.7	57.6	-0.2	—
Man. Ser. 4	197.4	207.8	-0.3	—
Money Ser. 4	150.3	158.3	—	—
Conv. Ser. 4	150.5	158.5	—	—
Fixed Int. Fd. Ser. 4	115.3	121.4	—	—
American Ser. 4	112.0	117.9	+0.4	—
High Inc. Ser. 4	115.6	121.7	—	—
Indexed Inv. Series 4	96.5	101.6	—	—
Pension Property	315.9	332.6	—	—
Pension Equity	280.9	295.8	-1.3	—
Pension Selective	148.3	156.2	-0.4	—
Pension Managed	291.1	306.5	-0.6	—
Pension Security	220.1	231.7	—	—
Pension Fixed Int.	111.3	117.2	—	—
Pension Indexed Inv.	96.6	101.7	—	—

Albany Life Assurance Co. Ltd.
31, Old Burlington St., W.1. 01-437 5962

Equity Fd. Acc.	317.4	334.0	-1.7	—
Fixed Int. Acc.	193.6	203.8	+0.5	—
Gtd. Money Fd. Ac.	159.3	163.5	+0.1	—
Intl. Man. Fd. Acm.	147.7	155.4	-0.2	—
Intl. Fxd. Int. Fd.	109.6	115.3	+1.3	—
Prop. Fd. Acc.	158.8	161.1	+0.2	—
M'ple Inv. Acc.	250.0	263.1	-0.7	—
Equity Pen.Fd.Acc.	435.1	458.0	-2.8	—
Fixed I.Pen.Acc.	309.5	325.7	+0.1	—
G'td.Mon.Pen.Acc.	214.2	225.5	—	—
Intl.Mn.PnFdAcc.	171.1	180.0	-0.4	—
Prop.Pen.Acc.	209.0	220.0	+0.3	—

Crown Life—Continued

St. George Mangd. Fd.	109.4	115.1	—	—
Lincs & Gen. Fd.	119.8	126.1	—	—
Sage Fd.	89.0	93.6	—	—
Heritage Fd.	98.6	103.7	—	—
DBS Managed	104.4	109.8	—	—
Crown Brit. Inv. A		217.2	—	—
Pens. Mixed. Fd.	147.5	152.8	—	—
Pens. Mang'd. Acc.	110.0	115.7	—	—
Pens. Mang'd. Init.	106.5	112.1	—	—
Pens. Equity Acc.	102.4	107.7	—	—
Pens. Equity Init.	99.1	104.3	—	—
Pens. Fxd. Int. Acc.	106.1	111.4	—	—
Pens. Fxd. Int. Init.	102.7	108.1	—	—
Pens. Money Acc.	107.4	113.0	—	—
Pens. Money Init.	104.1	109.5	—	—

Crusader Insurance PLC
Tower Hse, 38 Trinity Sq, EC3N 4DJ 488 2323

Growth Prop May 4	100.1	110.1	—	—
Managed Pens May 12	116.8	122.9	—	—

Eagle Star Insur./Midland Assur.
1, Threadneedle St., EC2. 01-588 1212

Eagle/Mid. Units	73.6	78.4	—	6.24

Equity & Law Life Ass. Soc. Ltd.
Amersham Road, High Wycombe. 0494 33377

UK Equities Fund	183.5	193.1	-0.4	—
Higher Inc. Fund	117.8	124.0	+0.5	—
Property Fund	190.8	200.8	—	—
Fixed Interest Fund	138.2	145.5	+0.2	—
Index Linked Secs Fnd.	93.4	98.3	+0.1	—
Gtd. Deposit Fund	134.6	141.6	—	—
Nth. America Fund	106.3	111.8	-1.4	—
Far East Fund	90.6	95.3	-0.2	—
International Fund	101.1	106.4	-0.6	—
Mixed Fund	165.1	173.7	-0.2	—

Equity & Law (Managed Funds) Ltd.
Amersham Road, High Wycombe. 0494 33377

Life Assur. Co. of Pennsylvania
8, New Rd., Chatham, Kent. Medway 812348

LACOP Units	11.72	12.31	—	—

Lloyds Life Assurance
20, Clifton St., EC2A 4HX 01-920 0202

Multi Gwth. May 6	12.0241		—	—
Op. 8 Prop. A May 20	223.9	235.7	—	—
Op. 8 Equity May 20	215.1	226.5	—	—
Op. 8 Hy. May 20	191.1	201.2	—	—
Op. 8 Man. May 20	230.8	243.0	—	—
Op. 8 Dep. May 20	167.9	176.8	—	—
Op. In. B May 20	118.4	124.7	—	—
Op. 8 Inc. May 20	103.8	109.3	—	—
Op. In M May 20	119.6	125.9	—	—
U.S. SF.I. May 20	106.8	112.5	—	—
O & G Prp. Fd. May 20	96.9	102.1	—	—
Pens. Pr. May 15	236.8	248.9	—	—
Pens.Pr.Cp. May 15	179.5	189.4	—	—
Pens.Eq.Ac. May 15	555.8	585.1	—	—
Pens.Eq.Cp. May 15	424.0	446.4	—	—
Pens. Fxd. Ac. May 15	268.0	282.2	—	—
Pens. Fxd. Cp. May 15	204.5	215.3	—	—
Pens. Mng. May 15	363.6	373.3	—	—
Pens.Mng.Cp. May 15	285.0	300.0	—	—
Pens. Dp. Ac. May 15	239.3	251.9	—	—
Pens. Dp. Cp. May 15	182.5	192.2	—	—

Infomatic Funds—Series A

Am.Smlr.Co's. May 19	89.0	93.7	—	—
Am.Spec.Sits. May 19	105.0	110.6	—	—
Commodity May 19	64.7	68.2	—	—
Extra Inc. May 19	88.0	92.7	—	—
Far East May 19	93.8	98.8	—	—
Fin. Secs. May 19	106.3	111.9	—	—
Gold & Gen. May 19	54.8	57.7	—	—
Growth May 19	81.5	85.8	—	—
Inc. & Growth May 19	105.7	111.3	—	—
Int. Growth May 19	92.0	96.9	—	—
Japan Prtf. May 19	81.5	85.8	—	—
Minerals May 19	63.7	67.1	—	—
Nat. High Inc. May 19	97.9	103.1	—	—
Prop. Shares May 19	87.4	92.0	—	—
Sp. Mkt. Sits. May 19	88.8	93.5	—	—
Recovery May 19	85.3	89.8	—	—
Smaller Cos. May 19	110.9	116.8	—	—
Univ. Energy May 19	65.5	69.0	—	—
World Tech. May 19	90.2	95.0	—	—

Norwich Union Insurance Group
PO Box 4, Norwich NR1 3NG. 0603 22200

NUIG (Managed Funds) Ltd.

Managed Fund	320.5	337.3	-0.9	—
Equity Fund	542.3	570.8	-0.4	—
Property Fund	213.0	224.2	+0.3	—
Fixed Int. Fund	196.5	206.8	-1.4	—
Deposit Fund	148.2	156.0	+0.1	—

Norwich Union Life Insurance Society Pensionmaster

Fixed Interest*	118.5	124.7	—	—
Ordinary Share*	123.1	129.5	—	—
Property*	107.2	112.8	—	—
Deposit*	102.6	108.0	—	—
Index Linked Secs.*	102.9	108.3	—	—
Mixed*	117.1	123.2	—	—

Prices at May 18.

Nor. Units May 15		321.2	—	—

Pearl Assurance (Unit Funds) Ltd.
252 High Holborn, WC1V 7EB. 01-405 8441.

Inv. Prop. Dist.	137.5	138.5	—	—
Inv. Prop. Acc.	174.6	183.8	—	—
Inv. Equity	177.6	187.0	—	—
Inv. Managed	160.2	168.7	—	—

Pearl Assurance (Unit Linked Pensions) Ltd.

Ret. Managed	128.5	135.3	—	—

Phoenix Assurance Co. Ltd.
4-5 King William St., EC4P 4HR. 01-626 9876

Wealth Ass.	176.7	186.1	—	—
Eb'r. Ph.Eq.E.	166.3	175.0	—	—

Pioneer Mutual Insurance Co. Ltd.
16, Crosby Rd., N. Waterloo, L'pool 051-928 6655

Pioneer Mtl. Mt. Fd.	114.0	121.0	—	—

Planned Savings Group
58, East Street, Horsham 0403 50255

1st Managed	72.9	77.5	—	—
1st Fixed Interest	79.3	84.4	—	—
4th Managed	56.9	60.6	—	—
5th Managed	65.6	69.8	—	—
Pension Managed	75.3	80.2	—	—

Premium Life Assurance Co. Ltd.

OFFSHORE AND OVERSEAS

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	HK$25.06	25.40	—	4.66
Wardley Nikko As. Fd.	$39.00	40.53	—	2.47
Wardley Bond Trust	$9.92	10.10	—	8.77
Wardley Japan Trust	$16.31	16.91	—	1.65

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.83		-0.01	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	39.2	50.8	—	6.57
Chinese Fund	73.5	73.7	-0.2	9.30
Precious Metal Fund	195.0	202.3	—	—
Vanguard Cmdy. Fd.	45.2	46.9	—	—
Financial Futures Fd.	101.2	105.4	-1.7	—
Wren Intl. Fnd.*	$0.935	0.972	+0.02	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ⊕ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]						
86	74¾	Do. 7½pc '83-86	81xd	......	9.20	13.52
161	136	S. Rhod. 2½pc Non-Ass.	160½	......	—	—
66	58	Do. 3½pc 80-85 Asstd.	66	+½	5.30	17.80
41	32	Do. 4½pc 87-92 Asstd.	41xd	+1½	11.29	17.40
372	318	Zimbabwe Ann (£100pa)	360½xd	......	—	20.13

LOANS

Public Board and Ind.

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
66	57¾	Agric. Mt. 5pc '59-89	61	......	8.45	14.33
29¾	24¾	Met. Wtr. 3pc 'B'	28	......	10.95	13.46
114	103	U.S.M.C. 9pc 1982	114	......	7.89	—
101	94	Do. without Warnts.	101	......	8.91	—

LOANS—Continued

Financial

[illegible]

Building Societies

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's	P/E
262	210	ANZ $A1	230	......	Q28c	3.3	7.5	4.8
253	205	Alexanders D. £1	223	−5	18.5	—	11.8	—
£63½	£56½	Algemene Fl.100	£62	......	Q26%	1.8	8.7	6.3
100	75	Allied Irish	90	−2	Q43.9%	5.5	10.0	2.6
*16⅛	10⅛	Ansbacher (H.) 5p.	10⅛	−⅛	t0.35	—	4.6	—
260	200	Bk. Ireland £1	230xd	......	[illegible]	—	10.0	—
3½	2	Bk. Leumi $0.1	3xd	......	hQ8%	—	0.7	—
*227	190	Bk. Leumi (UK)£1	190	......	10.15	—	7.6	—
180	153	Bk. N.S.W. $A1	163	......	Q24c	2.9	9.1	3.8
518	390	Bank Scotland £1	390	−3	21.0	4.5	7.7	3.1
510	432	Barclays £1	452	−3	†22.0	5.1	8.3	3.8
240	220	Brown Shipley £1	230	......	h6.5	—	4.0	—
335	275	Cater Allen £1	315	−5	23.1	—	10.5	—

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

عكذا من الأصل

INDUSTRIALS—Continued

INSURANCE

LEISURE

LEISURE—Continued

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING ADVERTISING

PROPERTY

PROPERTY—Continued

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

INVESTMENT TRUSTS—Cont.

Finance, Land, etc.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

RUBBERS AND SISALS

TEAS

India and Bangladesh

Sri Lanka

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
120	75	Falcon Rh.50c	98	......	Q25c	10.3	20.7
33	20	Wankie Col. Z$1	22	−1	Q3c	1.2	10.9
21	16	Zam.Cpr.SBD0.24	18	......	—	—	—

Australian

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	18	......	—	—	—
7	$2\frac{1}{2}$	Argosy Gold NL 25c	3	......	—	—	—
151	62	Bond Corp.	73	+5	gQ10c	2.3	8.7
82	63	Bougainville I Kina	75	+1	Q6½c	1.2	5.3
192	154	CRA 50c	186	......	Q5c	—	1.6
16	10	Carr Boyd 20c	14	......	—	—	—
56	22	Central Pacific	29	......	—	—	—
26	10	Cultus Pacific N.L.	14	......	—	—	—
27	14	Eagle Corp. 10c	18	−1	—	—	—
23	13	Endeavour 20c	13	−½	—	—	—
368	160	G. M. Kalgoorlie 25c	225	......	Q32½c	0.9	8.6
10	2½	Great Eastern	6	......	—	—	—
63	38	Greenbushes Tin 50c	44	+1	Q6c	1.9	8.2
170	134	Hampton Areas 10p	154	......	2.5	3.1	2.3
32	15	Haoma N.W.	16	......	—	—	—
22	9	Intl. Mining	15	......	—	—	—
30	10	Jimberlana (50cFP)	12	−½	—	—	—
9½	2¾	Kalbara Min 20c	4	......	—	—	—
100	57	Kitchener NL 25c	57	−2	—	—	—
14	9	Leichardt Expln.	13	......	—	—	—
190	92	Meekatharra 25c.	146	+2	—	—	—
44	16	Metals Ex. 50c	24	......	Q3c	1.7	7.5
28	11	Metramar Mins. 20cts.	11	......	—	—	—
10	4½	Mid East Mins. NL	6	......	—	—	—
202	145	M.I.M. Hldgs. 50c	180	+2	tQ5c	ϕ	1.7
57	10	Mincorp 20c	16½	+½	—	—	—
8	3	Minefields Expl. 25c.	3	......	—	—	—
18	14	Newmetal 20c	17	......	—	—	—
30	8½	Nickelore N.L.	13½	......	—	—	—
160	110	North B. Hill 50c.	115	+4	‡Q18c	1.0	‡
484	15	Nth. Kalgurli	17½	+½	—	—	—
123	67	Oakbridge 50c	84	+1	tQ6½c	1.9	4.6
90	34	Oilmin N. L.	34	......	—	—	—
98	34	Pacific Copper	55	+1	—	—	—
150	92	Pancont'l 25c	100	+6	—	—	—
62	40	Paringa M&Ex.5p	40	......	♦—	—	—
352	252	Peko-Wallsend 50c.	266	+2	‡Q15c	—	‡
31½	16½	Pelsart Res NL	21	+1	—	—	—
273	138	Renison 50c	150	−4	ZQ5c	—	2.0
205	105	Do. Dfd.	130	−5	—	—	—
56	34	Seltrust A	45	......	♦—	—	—
27	10	Southern Pacific	12½	......	—	—	—
46	24	Swan Resources 20c.	41	......	—	—	—
65	35	Vultan Mins 20c	41	......	—	—	—
11	4	West Coast 25c	6	......	—	—	—
50	10	Westn. Cont 50c	10	......	—	—	—
247	200	Westn. Mining 50c.	215	+1	‡Q14c	1.6	‡
34	16	Whim Creek 20c	17	......	—	—	—
30	12	York Resources	15	......	—	—	—

Tins

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
11½	7	Amal Nigeria 1p	9	......	—	—	—
255	200	Ayer Hitam $M1	218	......	‡Q135c	0.7	‡
140	95	Geevor	95	......	—	—	—
12	10	Gold & Base 12½p	11	......	—	—	—
630	420	Gopeng Cons.	420	−10	17.0	1.2	5.8
525	330	Hongkong	458	......	21.0	ϕ	6.7
155	155	Idris 10p	155#	......	ϕ‡9.0	0.8	‡
24	16	Jantar 12½p	16	......	t1.5	4.0	13.4
130	80	Kamunting $M0.50	95	......	tQ27½c	0.8	6.9
426	366	Killinghall $M1	410	......	bQ60c	ϕ	3.5
98	60	Malaysia Mng. 10c	78	......	Q25c	1.1	7.6
42	30	Pahang	33	......	‡0.63	0.8	‡
450	280	Pengkalen 10p	318	......	3.5	—	1.6
330	245	Petaling $M1	245	......	Q60c	ϕ	5.8
200	155	Sungei Besi $M1	185	......	‡Q310c	1.1	‡
110	75	Supreme Corp. $M1	75	......	gQ15½c	ϕ	5.0
110	100	Tanjong 15p	102	......	3.5	3.7	4.9
85	70	Tongkah H. Tin $Sn	70	......	‡Q25%	1.3	‡
255	195	Tronoh $M1	218	−2	Q50c	ϕ	‡

Copper

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
325	195	Messina R0.50	230	......	Q60c	5.2	14.4

Miscellaneous

1982 High	Low	Stock	Price	+ or −	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	20	−2	—	—	—
16½	13	Burma Mines 10p	13	......	0.55	ϕ	6.0
130	35	Colby Res. Corp.	60	+10	—	—	—
292	210	Cons. Murch. 10c.	240	+15	Q60c	1.9	13.3
8	5	‡‡Exploura Gold	5	......	—	—	—
105	65	Highwood Res.	95	+5	—	—	—
255	165	Northgate C$1	200	......	—	—	—
468	412	R.T.Z.	428	−5	16.0	2.1	5.5
£108½	£93½	Do.9½%Cv.Ln.'95-2000	£101½	+½	Q9½%	30.0	f9.7
20	12	Sabina Inds. C$1	17	+1	—	—	—
44	27	‡Southwest C. 10p	36	......	—	—	—
500	270	Tara Explh. $1	335	+10	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsetable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value
- ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Tax free up to 30p in the £. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Stock	Price	+ or −
Albany Inv. 20p	40	......
Bertrams	17#	......
Bdg'wtr. Est. 50p	405	−5
Craig & Rose £1	£12¾	......
Finlay Pkg. 5p	28	......
Graig Ship. £1	£26	......
Higsons Brew	85	......
Holt (Jos) 25p	620	+5
I.O.M. Stm. £1	120	......
Pearce (C. H.)	£10	......
Peel Hldgs.	145	......
Sheff. Refrshmt	72	......
Sindall (Wm.)	205	......

IRISH

Stock	Price	+ or −
Conv. 9% '80/82	£97	......
Nat. 9¾% 84/89	£71¼	+⅛
Fin. 13% 97/02	£74½	+½
Alliance Gas	73	......
Arnott	195xd	−5
Carroll (P.J.)	74	......
Concrete Prods.	90	......
Heiton (Hldgs.)	19	......
Irish Ropes	36	......
Jacob	70	......
T.M.G.	6½	+1½
Unidare	43	......

OPTIONS

3-month Call Rates

Industrials

Stock	Rate
Allied-Lyons	8
BOC Intl.	15
B.S.R.	8½
Babcock	10
Barclays Bank	42
Beecham	21
Blue Circle	48
Boots	19
Bowaters	24
Brit. Aerospace	17
B.A.T.	38
Brown (J.)	7
Burton Ord.	15
Cadburys	9
Courtaulds	8
Debenhams	7
Distillers	15
Dunlop	6½
Eagle Star	31
F.N.F.C.	4
Gen. Accident	28
Gen. Electric	65
Glaxo	42
Grand Met.	17
G.U.S. 'A'	45
Guardian	25
G.K.N.	15
Hawker Sidd	30
House of Fraser	15
I.C.I.	24
"Imps"	8
I.C.L.	5½
Ladbroke	15
Legal & Gen.	19
Lex Service	10
Lloyds Bank	42
"Lofs"	6½
London Brick	7
Lucas Inds.	20
"Mams"	12
Mrks. & Spncr	12
Midland Bank	30
N.E.I.	9
Nat. West. Bank	38
P & O Dfd.	14
Plessey	32
Racal Elect.	35
R.H.M.	6½
Rank Org. Ord.	20
Reed Intnl.	26
Sears	6
Tesco	5½
Thorn EMI	42
Trust Houses	11
Tube Invest.	13
Turner & Newall	11
Unilever	55
Utd. Drapery	7
Vickers	16
Woolworths	5

Property

Stock	Rate
Brit. Land	7½
Cap. Counties	10
Land Secs.	28
MEPC	20
Peachey	10
Samuel Props.	12
Town & City	3½

Oils

Stock	Rate
Brit. Petroleum	26
Burmah Oil	10
Charterhall	6
KCA	14
Premier	6
Shell	30
Tricentrol	22
Ultramar	38

Mines

Stock	Rate
Charter Cons.	25
Cons. Gold	45
Lonrho	7
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 28

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

FINANCIAL TIMES
Saturday May 22 1982

MAN IN THE NEWS

Political music maker

BY CHRIS DUNKLEY

YOU MAY have trouble finding the Jimmy Young programme in Radio Times because although it is broadcast five days a week on Radio 2 at 10 am and attracts 2.5m listeners, the billing is tiny. When you do find it the wording is significant: "Jimmy Young," it says in heavy black type, and then in minuscule "Presents current affairs and music." The significance is in the order of priorities.

Remembering the stories in Thursday's newspapers it would be unjust if the order was otherwise. Young's interview with the Prime Minister on the previous day was said by the front page lead in The Times to have had "an attentive audience of politicians."

The Guardian lead described Young as "by now an old friend of the Prime Minister," and remarked that he had been "surprisingly persistent" in his questions. The Daily Mail lead pointed out: "The Prime Minister gave the first public clue that the chance of peace was

Jimmy Young

receding fast when she appeared on the Jimmy Young BBC Radio programme straight after a meeting of the War Cabinet."

On the previous day between the discs which he "self-operates" Young interviewed Denis Healey and on the day before that not only David Steel but also New Zealand Premier Robert Muldoon.

Young says: "I'm potty about newspapers, always have been. Whenever I could afford them I've read everything I could lay hands on." But he could hardly have foreseen his own extraordinary route to such a central place in the nation's current affairs when his parents' marriage broke up and, at the age of 15, he ran away from his grammar school in the Forest of Dean and tried to join the Army. Told he was too young he walked further down the street to the RAF office, lied about his age, and served six years as a physical training instructor.

He developed a sideline as pianist and band leader, progressing to ballad singing and eventually recorded a string of hits such as "Unchained Melody" only to find his style swamped by rock and roll. In 1960 at the age of 35 Young faced an entire year with just a fortnight's bookings in his diary: presenter of Housewife's Choice.

And that changed his career. He became a disc jockey, started the big phone-in shows with Through Till Two which meant hours of live chat. ("To my surprise and everybody else's I turned out to be quite good at it") and first had his own name put on a show in 1967. That was still simply records, recipes and chat.

It was Sir Ian Trethowan, just retiring as Director General of the BBC, who in 1973 invited Young for one of the gin-and-tonic talks that he dreads—"You never know what to expect"—and inquired when he was going to start "real" broadcasting. Young asked what he meant.

"Well, you just put on the records, sit back, and read the FT, don't you?" said Trethowan. (Young is known to play the stock market.) "We're getting about 40 per cent effort out of you. Don't you want to do something more?" In a fit of crazy honesty Young replied that he had always had a dream that between records he would talk to the Prime Minister or Chancellor of the Exchequer in a tone that ordinary people would understand. And although his first interviewee was not a politician but Erin Pizzey, so it came to pass.

Like Weekend World his programme benefits from running at a time when politicians are not tied up in Parliamentary sittings but above all, it seems to be his commonsense questions without hostility of sycophancy which attracts his impressive line up.

Iran deal brings £100m boost for Talbot

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT, which is the UK subsidiary of Peugeot of France, signed a new agreement with Iran yesterday to export car kits worth more than £100m a year.

The deal, after six months of tense negotiations, should end union uncertainty over the future of 2,500 jobs at Talbot's Stoke engine plant, Coventry, where most have been working a one-day week since late 1981.

Talbot virtually halted exports in October when Iran's economic problems caused the line of credit to dry up.

Resumption of the export order, one of the UK industry's biggest will begin "as soon as possible," Talbot said.

Talbot, which hoped for a five-year contract worth £1bn, refused to discuss the length or value of the agreement. It seems likely that the deal will run initially for about two years, with the option on both sides to renew it.

Financing is likely to be made through letters of credit, as in the past, or by oil barter arrangements.

About this number of kits is stored at Newport, Gwent, dock.

Letters of intent from Iran in recent weeks have made it possible for Talbot to release a shipful of about 10,000 kits.

Supplies of kits to Iran in nearly 15 years that the contract has operated, first by Rootes, then Chrysler and now Talbot, have been about 70,000 units a year.

Car companies see Iran, despite uncertainties, as an important market. There is a pent-up demand for cars and Talbot, with its Paykan model based on the Hillman Hunter, dominates the market.

The problems with the Iranian contract have clearly pushed Talbot's UK operation into the red and dashed the hopes expressed by Mr George Turnbull, chairman, of achieving profitability this year.

The figures for the calendar year 1981, due out shortly, are unlikely to show much change in the second half over the £47m pre-tax loss in the first six months.

That period was exceptional because charges were included for closure last June of the Linwood assembly plant, Scotland, with loss of 4,000 jobs.

Mexico asks bankers for urgent $1bn bridging loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

MEXICO, the world's most heavily indebted nation, has asked its international bankers for a massive $1bn (£561.8m) short-term loan.

The application illustrates dramatically how much Mexico has come under financial pressure in the wake of the fall in oil prices and high U.S. interest rates.

Mexico has asked for the money to be available next Friday, to tide it over until it can draw on the £2.5bn credit it is arranging in the euromarkets.

Mexican public sector foreign debt rose by $18bn last year to $51.7bn. To this must be added about $20bn of debt incurred by the private sector.

Bankers have for some time been aware of an almost frenetic scramble for funds by Mexican public sector borrowers.

The admission this week by Sr Jesus Silva Hertzog, Mexico's Finance Minister, that gross borrowing needs will be $25bn to $28bn this year and the latest request for short-term finance have intensified concern that Mexican foreign borrowing may be in danger of falling well behind target. Previous official estimates put the gross borrowing requirement at only $20bn.

Particular attention focused yesterday on the rates offered for the short-term financing. Mexico has offered to pay a margin of 1.33 per cent over eurodollar rates or 1.17 per cent over U.S. prime rates for what is effectively one-month money. This is considerably more than it has paid in the past.

Bankers said the margin on the short-term facility was related to the price Mexico will pay on the £2.5bn eurocredit. The short-term loans constitute and advance of these funds.

Bank of America, which is organising the $2.5bn credit, said there was nothing unusual in the request for short-term bridging finance. The credit had been planned some months ago but delayed because of general uncertainty in the financial markets.

Concern about Mexico's financial position has intensified since the peso was effectively devalued by about 40 per cent in February. Even now, many bankers find it hard to believe that an oil-rich country like Mexico could face serious financial problems.

Response to the $2.5bn credit, which bears margins over eurodolar rates of up to 1¼ per cent for seven-year money, has been favourable at the lead manager level. Some 26 banks have signed on to lead the credit.

Yesterday, it was uncertain to what degree smaller banks might be deterred from participating because of Mexico's evident shortage of ready cash.

NUR sets deadline for strike

By David Goodhart, Labour Staff

INDUSTRIAL action designed to cause "maximum chaos" on the railways will start next month unless British Rail withdraws proposals for 5,000 redundancies at its engineering workshops by June 7.

The deadline was set yesterday by Mr Sid Weighell, general secretary of the 170,000-strong National Union of Railwaymen. He said BR also had to come up with a satisfactory offer on pay, holidays and working hours.

Another widely-expected blow to BR management was also announced yesterday when the annual conference of Aslef, the train drivers' union, unanimously rejected the findings of the McCarthy tribunal on flexible rostering.

The 46 delegates all backed the executive's rejection of the McCarthy report, which basically backed British Rail's proposals on new working practices, as "unworkable." Mr Derrick Fullick, union president, has said that any attempt to abandon the eight-hour day without union support will mean more strike action.

BR has said it will not make a pay offer to all 250,000 rail workers until it gets a formal response from Aslef on the McCarthy proposals. That has additionally aggrieved the NUR, which feels it has moved a long way on productivity, on top of its determination to halt the proposed closure of engineering works at Shildon, Co Durham, Horwich, Greater Manchester, and the partial closure of Swindon.

Mr Weighell said in London that, if no satisfactory package on jobs and pay were offered by June 7, the NUR executive would plan industrial action on the railways, and in BR engineering, hotels and shipping.

It is unlikely that all NUR members would be called out, but key groups such as signalmen could quickly bring the network to a halt. "If we go to war we will deploy our troops in such a way as to cause maximum chaos," said Mr Weighell.

At the same time, he said the NUR executive had accepted the McCarthy tribunal recommendations on flexible rostering, and had already agreed to rostering and manning changes.

APRIL FIGURE HITS £936m

Record French trade deficit

BY DAVID WHITE IN PARIS

FRANCE recorded its worst monthly visible trade deficit in April — FFr 10.1bn (£936.48m). It compounded other disappointments over inflation, unemployment and industrial growth.

M Michel Jobert, the Foreign Trade Minister, described the result as "execrable," but said it would focus attention on the importance of the national commercial performance.

He said that, on current trends, the annual shortfall, which was trimmed in 1981 to FFr 59bn from FFr 62bn, would rise to between FFr 70bn and FFr 80bn this year.

The seasonally-adjusted April figure was more than twice the March deficit of FFr 4.5bn and almost five times the trade gap of FFr 2.2bn in April last year. The accumulated deficit so far this year, allowing for seasonal corrections, stands at FFr 26.9bn, against FFr 15.4bn at the same stage last year.

The monthly figures show rising imports and decreasing exports. The ministry said the deterioration was partly due to a drop in sales of French cereals, but also to the higher values of the U.S. dollar and the Deutsche Mark against the French franc. The fall in cereal sales cut into the strong agricultural surplus which had helped reduce the deficit during the first quarter.

The currency fluctuations have added to the cost of French purchases of foreign goods. But, also, French companies in such prime export sectors as the motor industry have been complaining increasingly that their sales abroad are being hampered by an over-valued franc.

However, M Jacques Delors, the Finance Minister, said on television on Thursday night that France's competitiveness remained good and that he believed a further devaluation of the franc, against the European currencies with which it was linked, could be avoided "for several months."

The trade figures followed a series of dismal economic indications from April, including signs that output was stagnant and provisional statistics to show that the rise in consumer prices was continuing at a rate close to the 1.2 per cent of March.

M Delors said that, despite the latest figures, he hoped to bring down the annual inflation rate from 14 to 12 per cent, with an annual rate of 10 per cent in the final quarter. He said he stood by his target of 8 per cent for 1983.

Continued from Page 1

Task force troops in raids

force, which according to American intelligence may have landed about 1,000 men, is intent on securing one of the grass landing strips which accompany most settlements, so that it can use Harriers from a land base.

Thus while the ultimate goal for the task force must be the recapture of Port Stanley, the capital, the aim at present seems to be to isolate the garrison there in the hope that it will surrender without fighting.

Defence officials say that within his broad instructions to retake the islands as fast as he sensibly can, Adm Woodward has been given considerable leeway on both tactics and timing.

Loss of a further 21 British lives yesterday brings the total to 45. Twenty sailors died when the destroyer Sheffield was struck and 24 were wounded.

Three Harrier pilots have been lost, while a crew member died when a Sea King helicopter ditched after an accident. Seven helicopters, five of them apparently Sea Kings and three Sea Harrier jump jets, have been lost.

Argentina lost more than 300 men after the sinking of the cruiser General Belgrano, but it is not known how many have lost their lives as a result of other action in the past three weeks.

Continued from Page 1

Latin American discussions

no further moves without instructions from the Council. "Perhaps the Security Council can take some action, or some other country or group of countries will jump into the arena with some ideas," he said.

A cease-fire resolution, which Britain opposes, would need at least nine votes in favour from among the 15 members of the Council. But Britain, as one of the Council's five permanent members, has the right to veto any resolution.

The other permanent members are the U.S. (which is expected to side with Britain), France, China and the Soviet Union.

Argentina is not a member of the Security Council but could take part in the debate without the right to vote. But it can expect Panama, a member at present, to promote its case with vigour and vote in its favour.

Shipping companies seek higher insurance values

BRITISH COMPANIES with vessels requisitioned to accompany the Falklands task force want the Government to agree to higher insurance values in case of war damage or destruction.

Talks by the companies, with Peninsular and Oriental Steam Navigation (P & O) a major participant, are continuing with the Department of Trade on how compensation would be paid if ships suffered from the effects of hostilities.

So far the Government has paid nearly £30m in requisition, charter, and other costs to owners. About 50 ships have been called up during the crisis, though some have been returned. P & O's Canberra passenger ship is now right in the Falklands area as a troop carrier.

The Canberra is P & O's cruise flagship. Its insured value was £10m, but P & O has since put this up to around £35m.

This is equivalent to the cost of a second-hand replacement, if necessary. To build a new ship of the same type would cost around £150m. P & O's older passenger ship, Uganda, has had its insurance value lifted from £3½m to £20m.

If these ships are destroyed by storms or by grounding on rocks, P & O's increased insurance would cover the cost. But enemy damage would have to be met by the Government under the 1952 Marine and Aviation (War Risks) Act.

Officials are studying this to see how it would be applied.

P & O said its ships were insured for the lower sums before the crisis because they would not have been sent into risk areas while on holiday cruises.

The Government has argued that a more realistic valuation for the Canberra would lie not far above the original insured sum. Cunard's QE2, now on its way to the islands, also features in the discussions with companies.

Companies have been promised that the Government will compensate them for loss of actual and potential earnings while their ships are requisitioned. This, too, will be hard to assess in the case of cruise ships.

Weather

UK TODAY

SHOWERS, heavy in places.

Most of England, E. Scotland, Orkney, Shetland

Rain at first, giving way to showers. Brighter later. Max. 18C (64F).

SW England, Wales, W, Central Scotland, N Ireland

Sunny intervals and showers, wind strong in places. Max. 16C (61F).

Outlook: Sunny intervals and showers.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	22	72	L. Ang.†	C	15	59
Algiers	F	22	72	Luxmbg	C	18	64
Amsdm	C	19	66	Luxor	S	37	99
Athens	S	23	73	Madrid	F	26	79
Bahrain				Majorca	S	25	77
Barclna	F	22	72	Malaga	S	24	74
Beirut	S	22	72	Malta	S	26	79
Belfast	C	16	61	M'chstr	C	17	63
Bolord	C	24	75	Melbne	S	11	52
Berlin	C	18	64	Mx Ct			
Biarritz	C	19	66	Miami†	S	23	73
Bhghm	C	17	63	Milan	F	22	72
Blackpl	C	17	63	Montrl.†	S	9	48
Bordx	C	17	63	Moscow	C	12	54
Boulgn				Munich	C	18	64
Bristol	C	17	63	Nairobi	C	21	70
Brussels	F	19	66	Naples	S	22	72
Budpst	F	26	79	Nassau			
Cairo				Nwcstl	C	15	59
Cardiff	C	14	57	N Yorkt	C	19	66
Cas'b'ca				Nice	S	21	70
Cape T				Nicosia			
Chicgt	C	11	52	Oporto	C	19	66
Cologne	F	19	66	Oslo	R	9	48
Cpnhgn	C	10	50	Paris	C	17	63
Corfu	S	26	79	Perth			
Denvert	F	5	41	Prague	T	17	63
Dublin	R	12	54	Rykjvk.	C	10	50
Dbrvnk	F	22	72	Rhodes	S	23	73
Ednbgh	C	13	55	Rio J'o†			
Faro	S	25	77	Rome	S	22	72
Florence	F	25	77	Salzbrg	C	17	63
Frankft	C	19	66	S'ciscot			
Funchal	S	17	64	S. Mritz			
Geneva	F	20	68	Singapr	C	31	88
Gibrltr	F	21	70	S'tiagot			
Gl'sg'w	C	16	61	Stckhm	C	11	52
G'rnsey	C	11	52	Strasbg	C	21	70
Helsinki	S	9	48	Sydney	C	18	64
H. Kong	S	28	82	Tangier	S	25	77
Innsbrk	F	17	63	Tel Aviv	S	21	70
Invrnss	C	13	55	Tenerife	S	25	77
I.o Man	C	11	52	Tokyo	F	22	72
Istanbul	S	19	66	T'r'ntot	C	11	52
Jersey	C	11	52	Tunis	F	23	73
Jo'burg				Valencia	S	26	79
L. Plms	S	26	79	Venice	S	25	77
Lisbon	F	26	79	Vienna	C	21	70
Locarno	F	22	72	Warsaw	F	15	59
London	C	18	64	Zurich	R	16	61

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

THE LEX COLUMN

The Falklands and the Fed

The British landings on the Falkland Islands caused only the slightest tremor in stock market prices yesterday morning. This resilience reflected, first of all, a much more realistic tone in the market earlier in the week, which brought equities back from the rather over-blown levels of early May. Even after some covering of bear positions yesterday, the FT 30-Share Index still closed with losses of 30 points on the week.

This leaves the market in a rather healthier position, since liquidity among institutional investors remains very high, and there is no longer an unduly high expectation of a quick and satisfactory end to the Falklands dispute.

A major contributor to the more relaxed mood yesterday was the feeling that the Federal Reserve is easing credit in New York. The problem is to know whether there is a fundamental change in the Fed's stance, or whether it has simply been trying to soothe the U.S. credit market's nerves after the default of a bond trading firm.

The weakness of the dollar distracts to some extent from the pressure on sterling which has persisted since the Falklands crisis erupted in early April. Sterling remains a very sensitive point for the gilt-edged market, as does the level of credit demand in the UK economy, about which the set of banking figures published on Thursday provided no reassurance.

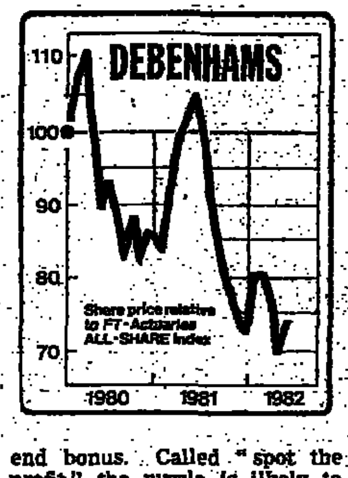
Another possible problem for gilt-edged is the cost of the Falklands operation, which now seems certain to be a lot higher than was first estimated when the fleet set sail and a peaceful solution was still widely hoped for. There is some evidence that armament-related businesses are beginning to see a sharp rise in Government orders, which provides some counterbalance to the generally flat economy. It also increases the pressure on the Government to get gilt-edged funding going again.

On the positive side is the falling inflation rate, both in the U.S., where the year-on-year rise in consumer prices is now only 6.6 per cent, and at home, where it has slipped back into single figures by a rather fatter margin than generally expected.

Debenhams

Debenhams is again presenting its shareholders with a complimentary puzzle as a year-

Index rose 6.2 to 560.6



end bonus. Called "spot the profit," the puzzle is likely to test the skills of even the most dedicated addict. The purpose of the game is to arrive at an underlying profit from Debenhams' reported figure, which shows a fall of 6 per cent to £27m pre-tax for the year to January 1982.

The player must first knock off two kinds of property profits: those which result directly from disposals and those which are effectively transfers from reserves. Both items were exceptionally large last year, partly because of the sale of two major West End stores, and amount to £23m in all.

The player should then consider the non-trading charges of £9.1m, which include £5.5m of closure and redundancy costs, £2m of opening costs and £1m attributable to book losses on fixtures which are no longer required. Some players may wish to charge at least a portion of these directly against trading profits. Those concerned with detail should also know that interest on development expenditure is now written straight off against reserves, rather than entered as a non-trading debit.

Below the line, there is an extraordinary debit of £4m, representing a discretionary payment to former employees, which the most exacting player may prefer to place elsewhere. Finally, players should know that the reported trading profit of £18.1m includes a £4¼m contribution from Welbeck Finance, the off balance sheet finance company.

Having completed this complicated exercise, the exhausted player may find that Debenhams made very little profit from the business of selling goods through its department stores last year. In the first half of the year, Debenhams managed to increase volume considerably by sacrificing margins. For the full year, volume was up by about 7 per cent on a 5 per cent net increase in store space. The policy has now changed and Debenhams is again emphasising the maintenance of margins. The company is satisfied with current trading but shareholders may be more interested in the asset backing and the maintained dividend, which produces a yield of 12.9 per cent at last night's price of 75p.

Brown & Jackson

Yesterday's preliminary statement from Brown & Jackson makes the Debenhams announcemetn look a model of clarity. The company has reported a pre-tax loss of £861,000 for 1981, compared with a restated loss of £31,000 for the previou year.

The slightly lower interest charge reflects both the proceeds from disposals and the benefit of last year's rights issue cash, received in early November. Several subsidiaries reported a trading loss last year, including R. J. Wiltshire, whose owners provided warranties that pre-tax profits would average £1m this year and last when they sold the business in January last year.

But the real problems have been caused by Autoguard Extended Warranties, a business with reported net assets of about £500,000 when it was sold last November. It now transpires that Autoguard had overstated its profits in previous years by a sum in excess of £1.2m.

This clearly makes a material difference to Autoguard's net worth, so much so that Brown & Jackson has been able to report a considerably larger book profit on the transaction. This is coolly entered as an extraordinary credit, net of certain development expenses incurred by another subsidiary. The revenue losses are charged to the previous year's profit and loss account, so B. & J. has, to put it mildly, made the best of a bad job. Its Grimsby-based auditors presumably concur.

At the time of its recent rights issue, B. & J. suggested that it would pay an ordinary dividend twice covered by current cost earnings. But yesterday's nominal payment was not covered by anything.